



AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT REGULAR MEETING
STANTON CITY HALL, 7800 KATELLA AVENUE, STANTON, CA
TUESDAY, SEPTEMBER 25, 2018 - 6:30 P.M.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (714) 890-4245. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

The City Council agenda and supporting documentation is made available for public review and inspection during normal business hours in the Office of the City Clerk, 7800 Katella Avenue, Stanton California 90680 immediately following distribution of the agenda packet to a majority of the City Council. Packet delivery typically takes place on Thursday afternoons prior to the regularly scheduled meeting on Tuesday. The agenda packet is also available for review and inspection on the city's website at www.ci.stanton.ca.us, at the public counter at City Hall in the public access binder, and at the Stanton Library (information desk) 7850 Katella Avenue, Stanton, California 90680.

- 1. CLOSED SESSION (6:00 PM)**
- 2. ROLL CALL**
 - Council Member Donahue
 - Council Member Ethans
 - Council Member Warren
 - Mayor Pro Tem Ramirez
 - Mayor Shawver
- 3. PUBLIC COMMENT ON CLOSED SESSION ITEMS**

Closed Session may convene to consider matters of purchase / sale of real property (G.C. §54956.8), pending litigation (G.C. §54956.9(a)), potential litigation (G.C. §54956.9(b)) or personnel items (G.C. §54957.6). Records not available for public inspection.

4. CLOSED SESSION

4A. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9
(d) (2)

Number of Potential Cases: 2

4B. PUBLIC EMPLOYEE APPOINTMENT
(Pursuant to Government Code Section 54957)

Title: City Manager

4C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Pursuant to Government Code Section 54957.6)

Title: City Manager

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

6. ROLL CALL Agency/Authority Member Donahue
Agency/Authority Member Ethans
Agency/Authority Member Warren
Vice Chairman Ramirez
Chairman Shawver

7. PLEDGE OF ALLEGIANCE

8. SPECIAL PRESENTATIONS AND AWARDS **None.**

9. CONSENT CALENDAR

All items on the Consent Calendar may be acted on simultaneously, unless a Council/Board Member requests separate discussion and/or action.

CONSENT CALENDAR

9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

RECOMMENDED ACTION:

City Council/Agency Board/Authority Board waive reading of Ordinances and Resolutions.

9B. APPROVAL OF WARRANTS

City Council approve demand warrant dated September 12, 2018, in the amount of \$50,100.10.

9C. AUGUST 2018 INVESTMENT REPORT

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

9D. AUGUST 2018 INVESTMENT REPORT (SUCCESSOR AGENCY)

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

9E. AUGUST 2018 INVESTMENT REPORT (HOUSING AUTHORITY)

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Stanton Housing Authority find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

9F. REVIEW AND INTENTION TO AMEND THE CITY’S CONFLICT OF INTEREST CODE

The City Council adopted an amended Conflict of Interest Code by Resolution dated September 25, 2018. Subsequent changed circumstances within the City have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Political Reform Act to amend and update the Code.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act (“CEQA”) pursuant to Section 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Adopt Resolution No. 2018-42 amending the Position Classification Manual, entitled:

“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AMENDING A CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974”.

9G. AWARD OF A PROFESSIONAL SERVICES AGREEMENT FOR THE DESIGN OF THE SEWER CONDITION IMPROVEMENT PROJECT TO LOCKWOOD, ANDREWS & NEWNAM, INC.

The Sewer Condition Improvement Project will correct existing system deficiencies identified in the City’s Sanitary Sewer Master Plan. Staff recommends that the firm Lockwood, Andrews & Newnam, Inc. be retained for the design services of this project.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act (“CEQA”) under Section 15301(c) – Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities; and
2. Approve a Professional Services Agreement with Lockwood, Andrews & Newnam, Inc. for design support and development of plans for the Sewer Condition Improvement Project the maximum contract sum of \$202,640; and
3. Authorize the City Manager to bind the City of Stanton and Lockwood, Andrews & Newnam, Inc. in a contract to provide these services.

9H. CONSIDERATION OF RESOLUTION 2018-40 PURSUANT TO CALIFORNIA DEPARTMENT OF TRANSPORTATION JOINT POLICY GUIDELINES FOR SPECIAL EVENTS ON STATE RIGHTS OF WAYS IN ORDER TO OBTAIN AN ANNUAL SPECIAL EVENTS ENCROACHMENT PERMIT FOR THE VETERANS DAY CEREMONY AND KATELLA AVENUE CLOSURE

The California Department of Transportation (Caltrans) requires a resolution in which the City Council authorizes city staff the ability to obtain a special events encroachment permit for the annual “Veterans Day Celebration” event. The closure of Katella Avenue includes traffic control on Beach Boulevard, which is within the purview of Caltrans, to direct traffic away from the area of the closure.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act (“CEQA”) under Section 15378(b)(5) – Organizational or administrative activities of governments that will not result in direct or indirect physical change in the environment; and
2. Approve Resolution No. 2018-40 pursuant to California Department of Transportation joint policy guidelines for special events on state rights of ways in order to obtain an annual special events encroachment permit, entitled:

“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CA REQUESTING THE DEPARTMENT OF TRANSPORTATION ISSUE AN ENCROACHMENT PERMIT FOR A PARTIAL ROAD CLOSURE OF KATELLA AVENUE FOR THE VETERANS DAY CEREMONY SPECIAL EVENT”.

END OF CONSENT CALENDAR

10. PUBLIC HEARINGS

10A. JOINT PUBLIC HEARING – MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433, ADOPTING THE RELATED SUMMARY REPORT AND APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH TINA PACIFIC I HOUSING PARTNERS, L.P.

The Housing Authority owns certain parcels in the Tina Pacific neighborhood and is in the process of acquiring additional parcels. If approved, this Disposition and Development Agreement will provide for the potential acquisition of the additional parcels and the sale of all the parcels owned by the Housing Authority to Tina Pacific I Housing Partners, LP, for the design and construction of an eighty-three (83) unit affordable housing development.

RECOMMENDED ACTION:

1. City Council conduct a public hearing; and
2. Declare that the action is not a project is exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(3) and 15378(b); and
3. Approve Resolution Number 2018-41, making certain findings pursuant to Health and Safety Code 33433, adopting the Summary Report prepared pursuant to Health and Safety Section 33433, approving the sale of certain real property located at 8911, 8931, 8941, 8951, 8910, 8920, 8930, 8940, 8950, and 8970 Pacific Ave. (APN's: 126-481-22, 20, 19, 18, and 126-482-09, 10, 11, 12, 13, and 15) and 8930, 8940, 8950, 8960, 8970 Tina Way (APN 126-481-11, 12, 13, 14, 15) and, if acquired by the Housing Authority, the sale of 8910, 8920 Tina Way (APN: 126-481-09, 10); 8921, 8961, 8971 Pacific Ave. (APN: 126-481-21, 17, 16) and 8960 Pacific Ave. (APN: 126-482-14) to Tina Pacific I Housing Partners, LP, by the Stanton Housing Authority through the Disposition and Development Agreement, entitled:

"A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AND THE STANTON HOUSING AUTHORITY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH TINA PACIFIC 1 HOUSING PARTNERS, A LIMITED PARTNERSHIP, FOR PROPERTIES LOCATED AT 8911, 8931, 8941, 8951, 8910, 8920, 8930, 8940, 8950, AND 8970 PACIFIC AVE. (APN's: 126-481-22, 20, 19, 18, AND 126-482-09, 10, 11, 12, 13, AND 15) AND 8930, 8940, 8950, 8960, 8970 TINA WAY (APN 126-481-11, 12, 13, 14, 15) AND, IF ACQUIRED BY THE HOUSING AUTHORITY, THE SALE OF 8910, 8920 TINA WAY (APN: 126-481-09, 10); 8921, 8961, 8971 PACIFIC AVE. (APN: 126-481-21, 17, 16) AND 8960 PACIFIC AVE. (APN: 126-482-14) AND MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33433 IN CONNECTION WITH THE SALE OF PROPERTY FORMERLY OWNED BY THE STANTON REDEVELOPMENT AGENCY"; and

4. Authorize the Executive Director to execute any necessary documents to facilitate the sale of the property.

11. UNFINISHED BUSINESS None.

12. NEW BUSINESS

12A. AMENDED AND RESTATED AGREEMENT RELATING TO INTERIM CITY MANAGER

The proposed action is to make revisions to Interim City Manager Robert W. Hall's agreement with the City in order to satisfy certain CalPERS requirements.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Authorize the Mayor to sign the Amended and Restated Agreement for Interim City Manager Services with Robert W. Hall.

13. ORAL COMMUNICATIONS - PUBLIC

At this time members of the public may address the City Council/Successor Agency/Stanton Housing Authority regarding any items within the subject matter jurisdiction of the City Council/Successor Agency/Stanton Housing Authority, provided that NO action may be taken on non-agenda items.

- Members of the public wishing to address the Council/Agency/Authority during Oral Communications-Public or on a particular item are requested to fill out a REQUEST TO SPEAK form and submit it to the City Clerk. Request to speak forms must be turned in prior to Oral Communications-Public.
- When the Mayor/Chairman calls you to the microphone, please state your Name, slowly and clearly, for the record. A speaker's comments shall be limited to a three (3) minute aggregate time period on Oral Communications and Agenda Items. Speakers are then to return to their seats and no further comments will be permitted.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council/Agency/Authority and Staff need to be recognized by the Mayor/Chairman before speaking.

14. WRITTEN COMMUNICATIONS **None.**

15. MAYOR/CHAIRMAN COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/ COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

At this time Council/Agency/Authority Members may report on items not specifically described on the agenda which are of interest to the community provided no discussion or action may be taken except to provide staff direction to report back or to place the item on a future agenda.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE MEETING

At this time Council/Agency/Authority Members may place an item on a future agenda.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

At this time Council/Agency/Authority Members may place an item on a future study session agenda.

Currently Scheduled:

- None

15D. CITY COUNCIL INITIATED ITEM — DISCUSSION REGARDING REVIEW OF THE CITY'S STRUCTURE, HUMAN RESOURCE POLICIES, CITY COUNCIL POLICIES, AND INTERNAL AND EXTERNAL POLICIES

At the August 14, 2018 City Council meeting, Council Member Warren requested that this item be agendaized for discussion.

RECOMMENDED ACTION:

City Council provide direction to staff.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

17A. SPECIAL PRESENTATION OF PROCLAMATION TO THE ORANGE COUNTY FIRE AUTHORITY

At this time the City Council will present a proclamation declaring the week of October 7-13, 2018, as Fire Prevention Week in the City of Stanton.

18. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 72 hours prior to the meeting. Dated this 20th day of September, 2018.

s/ Patricia A. Vazquez, City Clerk/Secretary

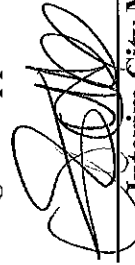
CITY OF STANTON
ACCOUNTS PAYABLE REGISTER

September 12, 2018

\$50,100.10

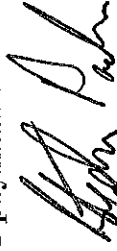
\$50,100.10

Demands listed on the attached registers conform to the City of Stanton Annual Budget as approved by the City Council.



Interim City Manager

Demands listed on the attached registers are accurate and funds are available for payment thereof.



Assistant City Manager

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and City Council

DATE: September 25, 2018

SUBJECT: AUGUST 2018 INVESTMENT REPORT

REPORT IN BRIEF:

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

BACKGROUND:

The attached reports summarize the City investments and deposit balances as of August 2018. A summary of the City's investments and deposits is included as Attachment A. The details of the City's investments are shown in Attachment B. The City's cash and investment balances by fund type are presented in Attachment C.

ANALYSIS:

The City's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of August 2018 was 2.00%. All City investments have safekeeping with Bank of the West. The City's investments are shown on Attachment B and have a weighted investment yield of 1.99%. Including LAIF and the City's deposit in the Bank of the West money market account, the weighted investment yield of the portfolio is 2.02%, which exceeds the benchmark LAIF return of 2.00%.

The weighted average maturity of the City's investments on August 2018 is 884 days. Including LAIF and a money market account, it is 788 days. LAIF's average maturity on August 31, 2018 was approximately 191 days.

The City has exceeded the LAIF benchmark return by increasing the weighted average maturity. With a weighted average maturity of 2.16 years, the City is well within the investment policy restriction of 3.5 years.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2018-19 Investment Policy. The portfolio will allow the City to meet its expenditure requirements for the next six months. Staff remains confident that the investment portfolio is currently positioned to remain secure and sufficiently liquid.

The City Treasurer controls a \$28.5 million portfolio with \$24.2 million in investments with safekeeping with Bank of the West.

ENVIRONMENTAL IMPACT:

None.

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED


4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:

Approved:



Stephen M. Parker, CPA
Assistant City Manager/Treasurer



Robert W. Hall
Interim City Manager

Attachments:

- A. Investments and Deposits
- B. Investment Detail
- C. Cash and Investment Balances by Fund Type

CITY OF STANTON, CA
INVESTMENTS AND DEPOSITS
August 31, 2018

Investment Type	Issuer	Date of Maturity	Interest Rate	Par Value	Cost	% of Total	Market Value	Market Value Source
State Pool (LAIF) - City portion ¹	State of California	On Demand	2.00%	\$ 7,559,805	\$ 3,372,831	12.18%	\$ 3,372,832	LAIF
Investments ²	Various	Various	Various	\$ 24,641,017	24,131,003	87.15%	24,167,298	Bank of the West
Money Market Account	Bank of the West	On Demand	0.29%	\$186,344	186,344	0.67%	186,344	Bank of the West
Subtotal - Investments					\$ 27,690,177	100.00%	\$ 27,726,473	
Demand Deposits/Main Checking - City portion	Bank of the West	On Demand	N/A	N/A	\$ 707,422		\$ 707,422	Bank of the West
Imprest Accts & Petty Cash	Bank of the West	On Demand	N/A	N/A	113,389		113,389	Bank of the West
Subtotal - Deposits					\$ 820,811		\$ 820,811	

Total Cash Investments and Deposits ³

788	2.02%
Weighted Average Maturity (days)	Weighted Average Yield

\$ 28,510,989

\$ 28,547,285

¹ Par Value amount represents entire LAIF and CAMP balances, including City, Successor Agency and Housing Authority portions

² Cost amount includes \$58,005 adjustment made to City's books at 6/30/17 to adjust portfolio to market value, per GASB 31

³ Weighted average maturity and yield calculations include LAIF, CAMP, Investments and Money Market Account

NOTES:

The City's portfolio is in compliance with the City's 2018-19 Investment Policy.

The portfolio will allow the City to meet its expenditure requirements for the next six months.

**CITY OF STANTON
INVESTMENTS
AUGUST 2018**

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Settlement/ Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value
U.S. Government Agency Securities:										
Chandler Asset Management	FNMA	3135G0E58	1.20%	1.13%	9/30/2015	10/19/2018	NC	195,000	195,014	194,750
Chandler Asset Management	FNMA	3135G0G72	1.17%	1.13%	10/30/2015	12/14/2018	NC	195,000	194,709	194,392
Chandler Asset Management	FHLB	3133782M2	1.16%	1.50%	02/01/16	03/08/19	NC	185,000	186,930	184,251
Chandler Asset Management	FFCB	3133EGCA1	1.06%	1.06%	10/25/16	06/03/19	NC	200,000	200,010	197,966
Chandler Asset Management	FHLMC	3137EADM8	1.25%	1.25%	08/31/15	10/02/19	NC	190,000	188,394	187,469
Chandler Asset Management	FHLMC	3137EADM8	1.25%	2.38%	10/30/15	12/13/19	NC	190,000	205,698	199,582
Chandler Asset Management	FNMA	3135G0D75	1.27%	1.50%	2/24/2016	6/22/2020	NC	200,000	201,962	196,092
Chandler Asset Management	FNMA	3135G0F73	1.50%	1.50%	1/20/2016	11/30/2020	NC	190,000	190,035	185,149
Chandler Asset Management	FNMA	3130A3UQ5	1.49%	1.88%	102.11	12/11/2020	NC	185,000	183,349	181,093
Chandler Asset Management	FNMA	3135G0H55	1.50%	1.88%	102.11	12/28/2020	NC	190,000	193,386	186,548
Chandler Asset Management	FHLB	3130A7CV5	1.46%	1.38%	02/17/16	02/18/21	NC	210,000	209,166	203,318
Chandler Asset Management	FNMA	3135G0J20	1.31%	1.38%	4/12/2016	2/26/2021	NC	200,000	200,630	193,626
Chandler Asset Management	FHLB	313382K69	1.53%	1.75%	03/23/16	03/12/21	NC	190,000	192,005	185,415
Chandler Asset Management	FHLB	3130A7PV1	1.33%	1.38%	04/12/16	04/05/21	NC	200,000	200,432	193,450
Chandler Asset Management	FNMA	3135G0K69	1.23%	1.25%	8/15/2016	5/6/2021	NC	200,000	200,168	192,626
Chandler Asset Management	FHLB	3130A8Q55	1.28%	1.13%	08/09/16	07/14/21	NC	190,000	188,596	181,870
Chandler Asset Management	FHLMC	3137EAC9	1.24%	1.13%	08/12/16	08/12/21	NC	200,000	198,898	191,094
Chandler Asset Management	FHLB	3130A8B32	1.97%	1.88%	11/30/16	11/29/21	NC	100,000	99,536	97,333
Chandler Asset Management	FNMA	3135G0T45	1.89%	1.88%	4/20/2017	4/5/2022	NC	200,000	199,830	193,730
Chandler Asset Management	FHLB	3130AC2X1	2.00%	2.00%	8/23/2017	8/23/2022	8/23/2019	500,000	500,000	493,270
Multi-Bank Securities, Inc.	FHLB	3130AC7K4	1.75%	1.75%	8/22/2017	9/15/2022	9/15/2018	500,000	500,000	492,450
Multi-Bank Securities, Inc.	FHLB	3130ADKP6	2.10%	2.10%	2/28/2018	2/28/2023	2/28/2019	500,000	500,000	498,955
First Empire Securities	FHLB	3130ADLH3	3.00%	3.00%	2/28/2018	2/28/2023	2/28/2023	500,000	500,000	500,705
								5,620,000	5,633,746	5,625,154
Municipal Bonds										
Multi-Bank Securities, Inc.	Brawley CA Pension Obligation Bond	105710AA5	1.52%	1.75%	7/25/2017	9/1/2018	NC	1,005,000	1,007,462	1,005,000
Multi-Bank Securities, Inc.	California Earthquake Auth Rev	13017HAE6	2.23%	2.81%	11/14/2017	7/1/2019	NC	89,040	89,604	88,971
Multi-Bank Securities, Inc.	California Earthquake Auth Rev	13017HAE6	2.43%	2.81%	11/22/2017	7/1/2019	NC	539,750	539,750	537,181
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	10304PZF7	2.04%	2.30%	7/24/2017	8/1/2020	NC	250,000	251,875	246,460
First Empire Securities	Coachella Valley CA Unif School District	189849KY7	2.25%	2.89%	11/17/2017	8/1/2020	NC	440,000	447,260	435,706
Cantella & Co., Inc	Banning CA RDA SA TAB	066616AD5	2.02%	1.90%	9/28/2017	9/1/2020	NC	250,000	249,150	244,298
Multi-Bank Securities, Inc.	Banning CA RDA SA TAB	066616AD5	2.02%	1.90%	9/28/2017	9/1/2020	NC	250,000	249,150	244,298
Multi-Bank Securities, Inc.	Pomona CA PFA Lease Bond	73208MCA4	2.25%	2.42%	6/23/2017	4/1/2021	NC	500,000	503,000	489,565
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	13034PZH3	2.32%	2.51%	7/24/2017	8/1/2021	NC	350,000	352,625	342,794
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	13034PZH3	2.22%	2.51%	8/18/2017	8/1/2021	NC	257,777	257,777	249,750
Multi-Bank Securities, Inc.	Guadalupe Community Redevelopment	400559AD2	2.55%	2.25%	1/8/2018	8/1/2021	NC	225,000	222,750	219,042
Cantella & Co., Inc	Oceanside CA Pension Obligation Bond Taxable	675371AX6	2.03%	3.25%	8/15/2017	8/15/2021	NC	280,000	293,013	281,366
Cantella & Co., Inc	LA County CA RDA TAB Taxable West Covina	54465AHP0	2.08%	2.50%	8/26/2017	9/1/2021	NC	400,000	406,684	393,828
Cantella & Co., Inc	Yorba Linda RDA SA TAB Taxable Series B	986176AQ8	2.00%	2.00%	8/15/2017	9/1/2021	NC	360,000	360,000	349,538
First Empire Securities	Riverside CA Pension Obligation Bond	769036BB9	2.25%	2.50%	6/20/2017	6/1/2022	NC	500,000	505,800	486,955
First Empire Securities	Riverside CA Pension Obligation Bond	769036BB9	2.40%	2.50%	7/24/2017	6/1/2022	NC	240,000	241,080	233,758
								5,931,640	5,976,980	5,848,567
Negotiable Certificates of Deposit:										
Multi-Bank Securities, Inc.	Generations Community Fed Credit	371481 AB4	1.55%	1.65%	6/28/2017	6/28/2019	NC	249,000	249,000	247,775
Multi-Bank Securities, Inc.	Direct Federal Credit Union	25460FAQ9	1.75%	1.75%	05/24/17	2/24/2020	NC	249,000	249,000	245,857
First Empire Securities	Mercantile Bank, NA	58733AEJ4	1.90%	1.90%	08/15/17	3/2/2020	NC	247,000	247,000	244,399
First Empire Securities	Ally Bank	02006LY72	1.75%	1.75%	03/16/17	3/16/2020	NC	248,000	248,000	244,721
Cantella & Co., Inc	Webbank	947547JN6	1.95%	1.85%	03/30/17	3/30/2020	9/30/2018	249,000	249,000	245,940
Multi-Bank Securities, Inc.	Live Oak Banking Company	539036CN2	2.00%	2.00%	04/07/17	4/7/2020	NC	249,000	249,000	245,676
Cantella & Co., Inc	Community Trust Bank Inc.	20416LAC3	1.85%	1.85%	08/10/17	8/16/2020	NC	247,000	247,000	242,556
First Empire Securities	The Park National Bank	700654AY2	1.95%	1.95%	03/30/17	9/30/2020	NC	249,000	249,000	244,610
First Empire Securities	First Bank Richmond	319267GC8	1.80%	1.80%	06/23/17	11/23/2020	NC	247,000	247,000	241,396
Multi-Bank Securities, Inc.	Numerica Credit Union	67054NAF0	2.00%	2.00%	05/30/17	11/30/2020	NC	249,000	249,000	244,364
First Empire Securities	BMW Bank	05580AGQ1	1.95%	1.95%	03/10/17	3/10/2021	NC	248,000	248,000	242,236
First Empire Securities	Wells Fargo Bank, NA	949763FQ4	2.10%	2.10%	03/15/17	3/15/2021	NC	248,000	248,000	244,047
First Empire Securities	Landmark Bank	51506VCA9	2.10%	2.10%	03/29/17	3/29/2021	9/29/2018	248,000	248,000	242,966
First Empire Securities	Medallion Bank	58403BGF8	1.80%	1.80%	04/06/17	4/6/2021	NC	249,000	249,000	243,241
Cantella & Co., Inc	Comerity Capital Bank	20033AU00	2.00%	2.00%	6/30/2017	6/30/2021	NC	249,000	249,000	242,436

**CITY OF STANTON
INVESTMENTS
AUGUST 2018**

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Settlement/ Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value
First Empire Securities Cantella & Co., Inc	Discover Bank	2545725D6	2.10%	2.10%	100.00	7/6/2017	7/6/2021	NC	247,000	247,000	241,124
First Empire Securities Cantella & Co., Inc	Barclays Bank	06740KKC0	2.00%	2.00%	100.00	7/12/2017	7/12/2021	NC	247,000	247,000	240,395
First Empire Securities Cantella & Co., Inc	Abacus Federal Savings Bank	002577AY2	1.95%	1.95%	100.00	7/21/2017	7/21/2021	NC	249,000	249,000	241,864
First Empire Securities Cantella & Co., Inc	MB Financial Bank	55266CVW3	1.90%	1.90%	100.00	7/21/2017	7/21/2021	NC	249,000	249,000	241,540
First Empire Securities Cantella & Co., Inc	HSBC Bank USA, NA	40434YMK0	2.15%	2.15%	100.00	7/26/2017	7/26/2021	1/26/2019	247,000	247,000	241,292
First Empire Securities Cantella & Co., Inc	Third Federal Savings and Loan	88413QBN7	2.00%	2.00%	100.00	7/26/2017	7/26/2021	NC	248,000	248,000	241,212
First Empire Securities Cantella & Co., Inc	State Bank of India	8562846V1	2.35%	2.35%	100.00	03/14/17	3/14/2022	NC	248,000	248,000	242,038
First Empire Securities Cantella & Co., Inc	Capital One Bank USA	140420Z52	2.35%	2.35%	100.00	03/15/17	3/15/2022	NC	248,000	248,000	242,031
First Empire Securities Cantella & Co., Inc	JP Morgan Chase Bank NA	48126XD93	2.35%	2.35%	100.00	03/16/17	3/16/2022	9/16/2018	249,000	249,000	242,972
First Empire Securities Cantella & Co., Inc	BMO Harris, NA	05581WVK7	2.00%	Variable	100.00	03/29/17	3/29/2022	9/29/2018	248,000	248,000	243,236
First Empire Securities Cantella & Co., Inc	Synchrony Bank	87165EL96	2.40%	2.40%	100.00	05/19/17	5/19/2022	NC	247,000	247,000	241,008
First Empire Securities Cantella & Co., Inc	American Eagle Bank	02554BCN9	2.10%	2.10%	100.00	06/09/17	5/23/2022	NC	150,000	150,000	144,744
First Empire Securities Cantella & Co., Inc	First Bank of Highland Park	319141GL5	2.10%	2.10%	100.00	6/21/2017	6/21/2022	NC	247,000	247,000	238,133
First Empire Securities Cantella & Co., Inc	Goldman Sachs Bank USA	38148PKX4	2.35%	2.35%	100.00	6/21/2017	6/21/2022	NC	247,000	247,000	240,333
First Empire Securities Cantella & Co., Inc	Capital One NA	14042RCN6	2.30%	2.30%	100.00	7/19/2017	7/19/2022	NC	247,000	247,000	239,669
First Empire Securities Cantella & Co., Inc	Sallie Mae Bank	795450B61	2.30%	2.30%	100.00	7/27/2017	8/2/2022	NC	248,000	248,000	240,528
First Empire Securities Cantella & Co., Inc	American Express Centurion Bank	02587DV47	2.35%	2.35%	100.00	8/3/2017	8/3/2022	NC	247,000	247,000	237,794
First Empire Securities Cantella & Co., Inc	Fidelity Co-Operative Bank	316077CV6	1.90%	1.70%	99.80	8/4/2017	8/9/2022	8/9/2019	249,000	249,000	241,134
First Empire Securities Cantella & Co., Inc	American Express Bank, FSB	02587CFU9	2.40%	2.40%	100.00	8/22/2017	8/29/2022	NC	247,000	247,000	238,014
									8,335,000	8,334,004	8,141,341
Medium-Term Corporate Notes:											
Chandler Asset Management	Praxair Inc	74005PBH6	1.21%	1.25%	100.08	10/03/16	11/07/18	NC	125,000	125,100	124,755
Chandler Asset Management	Apple Inc	037839BQ2	1.71%	1.01%	100.87	02/16/16	02/22/19	NC	115,000	114,980	114,645
Chandler Asset Management	Bank of New York	06406HCU1	1.85%	2.20%	100.56	02/01/16	05/15/19	4/15/2019	115,000	114,718	114,718
Chandler Asset Management	Toyota Motor Credit Corp	89236TDE2	1.45%	1.40%	99.88	05/17/16	05/20/19	NC	125,000	124,825	123,976
Chandler Asset Management	Berkshire Hathaway	084664CK5	1.33%	1.30%	99.98	08/08/16	08/15/19	NC	55,000	54,342	54,342
Chandler Asset Management	Oracle Corp	68389AXA3	1.28%	2.26%	103.16	08/11/16	10/08/19	NC	125,000	128,744	124,489
Cantella & Co., Inc	Toronto-Dominion Bank	89114QBU1	2.00%	1.90%	99.82	12/15/17	10/24/19	NC	250,000	249,543	247,545
Cantella & Co., Inc	Barclay's Bank PLC	06744GFU0	2.00%	2.00%	100.00	08/11/17	08/25/20	8/25/2019	500,000	500,000	495,260
Cantella & Co., Inc	American Honda Finance	02665WAZ4	2.05%	2.45%	101.22	04/20/17	09/24/20	NC	125,000	126,651	123,603
Chandler Asset Management	Visa Inc	92826CAB8	1.49%	2.20%	102.56	09/01/16	12/14/20	NC	150,000	154,404	147,890
Chandler Asset Management	Exxon Mobil Corp	30231GAV4	2.18%	2.22%	101.77	02/29/16	03/01/21	2/1/2021	125,000	126,465	123,064
Chandler Asset Management	Berkshire Hathaway	084670BQ0	1.54%	2.20%	102.76	08/16/16	03/15/21	2/15/2021	100,000	102,896	98,401
Chandler Asset Management	State St Corp	857477AV5	1.99%	1.95%	99.49	05/23/16	05/19/21	NC	125,000	124,784	121,311
Chandler Asset Management	Microsoft Corp	594918BP8	1.58%	1.55%	99.87	08/08/16	08/08/21	7/8/2021	85,000	84,899	81,909
Chandler Asset Management	Paccar Financial Corp	68371RN44	1.68%	1.65%	99.59	08/11/16	08/11/21	NC	125,000	124,810	119,568
Chandler Asset Management	John Deere Capital Corp	24422ETL3	2.66%	2.65%	100.26	01/03/17	01/06/22	NC	130,000	129,964	128,565
Chandler Asset Management	US Bancorp	91159HHP8	2.66%	2.63%	100.37	01/19/17	01/24/22	NC	125,000	125,657	122,635
First Empire Securities Cantella & Co., Inc	Apple Inc	037833AY6	2.10%	2.15%	100.20	10/23/17	02/09/22	NC	500,000	501,000	485,845
Multi-Bank Securities, Inc.	Capital Impact Partners	14020A2A1	2.50%	2.50%	100.00	10/23/17	10/15/22	NC	500,000	500,000	488,295
Cantella & Co., Inc	General Electric Co.	3692G6S8	3.11%	3.10%	99.95	01/25/18	01/09/23	NC	250,000	249,875	246,670
First Empire Securities	Toyota Motor Credit Corp	89236TDE5	2.78%	2.70%	99.63	01/25/18	02/09/22	NC	250,000	249,075	244,175
First Empire Securities	Barclay's Bank PLC	06744CRP8	3.00%	3.00%	100.00	01/26/18	01/26/23	1/26/2020	250,000	250,000	236,597
									4,250,000	4,264,908	4,168,255
Mortgage-Backed Securities:											
First Empire Securities	FNMA DUS Balloon	3138LF4Y1	2.030%	1.620%	98.40	8/18/2017	11/1/2021		482,946	475,219	462,580
									482,946	475,219	462,580
Asset-Backed Securities:											
Chandler Asset Management	John Deere Owner Trust	47787XAB3	1.51%	1.50%	99.98	02/22/17	10/15/19	NC	8,514	8,514	8,506
Chandler Asset Management	Nissan Auto Receivables	65474AB0	1.48%	1.47%	100.00	03/21/17	01/15/20	NC	12,917	12,917	12,895
									21,431	21,431	21,401

CITY OF STANTON
INVESTMENTS
AUGUST 2018

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Settlement/ Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value
Subtotal Investments Prior Year Adjustment GASB 31 Investments Held With Bank of the West			1.99% Weighted Average Yield				884 WAM	days	24,641,017	24,706,288 (575,265)	24,167,298
			2.00% 0.29%				9/1/2018 9/1/2018		24,641,017	24,131,003	24,167,298
State Treasurer's Pool Money Market Acct	Local Agency Investment Fund (LAIF) Bank of the West								7,559,805 186,344	3,372,831 186,344	3,372,832 186,344
Total Investments											
Total Money Market, LAIF and Investments			2.02% Weighted Average Yield	Incl LAIF, Investments and money market			788 WAM	days	32,387,166	27,690,177	27,726,473

CITY OF STANTON
CASH AND INVESTMENT BALANCES BY FUND TYPE
August 31, 2018

Fund Type	Cash and Investments	Totals
General Fund:		
Pooled	\$ (7,100,503)	
Other Accounts *	24,430,735	\$ 17,330,232
Special Revenue, Capital Projects and Enterprise Funds:		
Gas Tax	782,946	
Measure M	675,258	
Fire Emergency Services	(145,155)	
Lighting & Median Maint.	1,768,483	
Sewer Maintenance	3,682,836	
Other	2,185,616	9,182,530
Internal Service Funds		1,317,028
Trust Funds		681,198
Total Cash and Investment Balances		\$ 28,510,989

* Money Market, Imprest Accounts, Petty Cash and Investments

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: September 25, 2018

SUBJECT: AUGUST 2018 INVESTMENT REPORT (SUCCESSOR AGENCY)

REPORT IN BRIEF:

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

BACKGROUND:

The attached reports summarize the Successor Agency investments and deposit balances as of August 2018. A summary of the Agency's investments and deposits is included as Attachment A. The Agency's cash balances by fund are presented in Attachment B.

ANALYSIS:

The Agency's investment in the State Treasurer's Local Agency Investment Fund (LAIF) and California Asset Management Plan (CAMP) continues to be available on demand. The effective yield on LAIF for the month of August 2018 was 2.00%, while the effective yield on CAMP was 2.12%.

The Agency's investments are shown on Attachment A and have a weighted investment yield of 1.21%, which is below the benchmark LAIF return of 2.00%, as the portfolio is almost completely liquid and has significant funds held in custodial accounts accruing very little interest.

With a completely liquid portfolio, the weighted average maturity of the Agency's investments at August 31, 2018 is 1 day. LAIF's average maturity at August 31, 2018 is approximately 191 days.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2018-19 Investment Policy.

The portfolio will allow the Agency to meet its expenditure requirements for the next six months.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Assistant City Manager/Treasurer

Approved:



Robert W. Hall
Interim City Manager

Attachments:

- A. Investments and Deposits
- B. Cash Balances by Fund

**SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY
INVESTMENTS AND DEPOSITS
August 31, 2018**

Investment Type	Institution	Issuer/ Broker	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
State Treasurer's Pool - SA portion	Local Agency Investment Fund (LAIF)	State of California	On Demand	2.00%	\$ 3,506,907	\$ 3,506,907	\$ 3,503,547	LAIF
California Asset Management Plan	PFM Asset Management	PFM	On Demand	2.12%	\$ 3,026,803	\$ 3,026,803	\$ 3,026,803	PFM
Imprest Account - SA portion	Bank of the West	Bank of the West	On Demand	N/A	735,544	735,544	735,544	Bank of the West
Clawback - Demand Deposits/Money Market Account	Bank of the West	Bank of the West	On Demand	N/A	3,311,064	3,311,064	3,311,064	Bank of the West

Total Cash Investments and Deposits

\$ 10,580,317 \$ 10,576,958

Bond Funds Held by Trustees:

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2010 Tax Allocation Bonds (Tax-Exempt)									
Principal:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$9.95	\$9.95	\$9.95	US Bank
Interest:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$7,698.97	\$7,698.97	\$7,698.97	US Bank
Special Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$18.47	\$18.47	\$18.47	US Bank
Reserve Account:									
Cash Equivalent	LAIF	US Bank	99LA009W8	On Demand	2.00%	\$1,140,409.72	\$1,140,409.72	\$1,140,409.72	US Bank

Total 2010 Tax Allocation Bonds (Tax-Exempt)

\$1,148,137 \$1,148,137

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2016 Series A and B									
Debt Service Fund									
Cash Equivalents	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$826,386.12	\$826,386.12	\$826,386.12	US Bank
Principle Account					0.83				
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$485,223.08	\$485,223.08	\$485,223.08	US Bank
Interest Account									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$2.60	\$2.60	\$2.60	US Bank

Total 2016 Series A and B \$ 1,311,612 \$1,311,611.80

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2016 Series C and D									
Debt Service Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$13.99	\$13.99	\$13.99	US Bank
Interest Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$37.24	\$37.24	\$37.24	US Bank
Principle Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	14.14	\$14.14	\$14.14	US Bank

Total 2016 Series C and D \$ 65 \$65.37

Total Bond Fund Investments and Deposits (3)

\$2,459,814	\$2,459,814
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Notes:

- (1) - There have been no exceptions to the Investment Policy.
- (2) - The Successor Agency is able to meet its expenditure requirements for the next six months.
- (3) - Restricted Bond Funds are held by the fiscal agent.

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY**POOLED CASH BALANCES BY FUND TYPE
August 31, 2018**

Fund	Cash Balance
710 Project 2000 Debt Service Fund	-
711 Redevelopment Debt Service Fund	-
712 Redevelopment Obligation Retirement Fund	7,529,881
720 Low and Moderate Income Housing Fund	-
721 Housing Successor Fund	-
730 Community Redevelopment Administration Fund	-
731 Successor Agency Admin Fund	(260,628)
740 Redevelopment Project Fund	-
741 Successor Agency Project Fund	-
741 Cash DDR Clawback	3,311,064

TOTAL CASH BALANCE**\$ 10,580,317**

CITY OF STANTON

REPORT TO THE STANTON HOUSING AUTHORITY

TO: Honorable Chair and Members of the Housing Authority

DATE: September 25, 2018

SUBJECT: AUGUST 2018 INVESTMENT REPORT (HOUSING AUTHORITY)

REPORT IN BRIEF:

The Investment Report as of August 31, 2018 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Stanton Housing Authority find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of August 2018.

BACKGROUND:

The attached reports summarize the Stanton Housing Authority investments and deposit balances as of August 2018. A summary of the Housing Authority's investments and deposits is included as Attachment A. The Housing Authority's cash balances by fund are presented in Attachment B.

ANALYSIS:

The Housing Authority's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of August 2018 was 2.00%.

The Agency's investments are shown on Attachment A and have a weighted investment yield of 1.98%, as almost the entire portfolio is invested in LAIF.

With investments almost completely in LAIF, the portfolio is completely liquid, and the weighted average maturity of the Housing Authority's investments at August 31, 2018 is 1 day. LAIF's average maturity at August 31, 2018 is approximately 191 days.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2018-19 Investment Policy.

The portfolio will allow the Housing Authority to meet its expenditure requirements for the next six months.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Assistant City Manager/Treasurer

Approved:



Robert W. Hall
Interim City Manager

Attachments:

- A. Investments and Deposits
- B. Cash Balances by Fund

**STANTON HOUSING AUTHORITY
INVESTMENTS AND DEPOSITS
August 31, 2018**

Investment Type	Institution	Issuer/ Broker	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
State Treasurer's Pool - HA portion	Local Agency Investment Fund (LAIF)	State of California	On Demand	2.00%	\$ 680,067	\$ 680,067	\$ 680,253	LAIF
Imprest Account - SA portion	Bank of the West	Bank of the West	On Demand	N/A	\$ 142,638	142,638	142,638	Bank of the West
State Treasurer's Pool - Housing Authority Account	Local Agency Investment Fund (LAIF)	State of California	On Demand	2.00%	\$ 17,376,719	\$ 17,376,719	\$ 17,360,073	LAIF

Total Cash Investments and Deposits

\$ 18,199,425	\$ 18,182,965
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Notes:

- (1) - There have been no exceptions to the Investment Policy.
(2) - The Housing Authority is able to meet its expenditure requirements for the next six months.

STANTON HOUSING AUTHORITY

POOLED CASH BALANCES BY FUND TYPE

August 31, 2018

Fund	Cash Balance
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285 Housing Authority Fund	18,199,425
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TOTAL CASH BALANCE

\$ 18,199,425

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: September 25, 2018

SUBJECT: REVIEW AND INTENTION TO AMEND THE CITY'S CONFLICT OF INTEREST CODE

REPORT IN BRIEF:

The City Council adopted an amended Conflict of Interest Code by Resolution dated September 25, 2018. Subsequent changed circumstances within the City have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Political Reform Act to amend and update the Code.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Section 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Approve Resolution No. 2018-42 entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AMENDING A CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974".

BACKGROUND:

The State of California enacted the Political Reform Act of 1974, Government Code section 81000, et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the City of Stanton (the "City"), and which requires all public agencies to adopt and promulgate a conflict of interest code.

ANALYSIS/JUSTIFICATION:

Subsequent changed circumstances within the City have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the Code.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

This item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment).

LEGAL REVIEW

The City Attorney has reviewed and approved the accompanying resolution as to form.

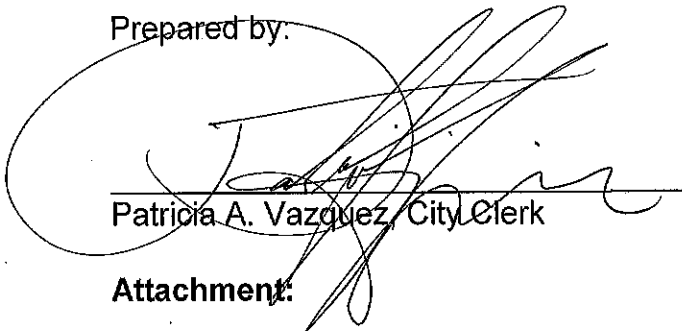
PUBLIC NOTIFICATION:

Public notice for this item was publically posted and made to each affected position as required by the Fair Political Practices Commission, and made through the regular agenda process.

STRATEGIC PLAN COMPONENT ADDRESSED:

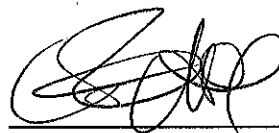
Objective 6: Maintain and Promote a Responsive, High Quality and Transparent Government.

Prepared by:



Patricia A. Vazquez, City Clerk

Approved by:



Robert W. Hall, Interim City Manager**Attachment:**

- A. Resolution No. 2018-42 w/ Amended Conflict of Interest Code
- B. Amended Conflict of Interest Code (Legislative Version / Shows Changes Made)

RESOLUTION NO. 2018-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AMENDING A CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000, et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the City of Stanton (the "City"), and which requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the City Council adopted an amended Conflict of Interest Code (the "Code") by Resolution dated June 27, 2017; and

WHEREAS, subsequent changed circumstances within the City have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the City being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the City Council of, the proposed amended Code was provided to each designated employee and was publicly posted for review; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the City Council on September 25, 2018, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AS FOLLOWS:

Section 1: The City Council does hereby approve and adopt the amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the City Clerk and available to the public for inspection and copying during regular business hours.

Section 2: That the said amended Conflict of Interest Code shall become effective immediately upon adoption and approval.

Section 3: This Resolution rescinds all previous Conflict of Interest Codes of the City of Stanton.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Stanton on this 25th day of September, 2018.

DAVID J. SHAWVER, MAYOR

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, Patricia A. Vazquez, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2018-42 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on September 25, 2018, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

**CONFLICT OF INTEREST CODE
OF THE
CITY OF STANTON**

BBK—July 2018

**CONFLICT OF INTEREST CODE
OF THE
CITY OF STANTON**

(Amended September 25, 2018)

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. § 18730) that contains the terms of a standard conflict of interest code which can be incorporated by reference in an agency's code. After public notice and hearing Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **City of Stanton (the "City")**.

All officials and designated positions required to submit a statement of economic interests shall file their statements with the **City Clerk** as the City's Filing Officer. The **City Clerk** shall make and retain a copy of all statements filed by the Mayor, Members of the City Council and Planning Commission, the City Manager, the City Attorney and the City Treasurer, and forward the originals of such statements to the Fair Political Practices Commission. The **City Clerk** shall retain the original statements filed by all other officials and designated positions and will make all retained statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008.)

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

CITY OF STANTON

(Amended September 25, 2018)

PART "A"

The Mayor, Members of the City Council and Planning Commission, the City Manager, the City Attorney, the City Treasurer, and all Other City Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18700.3, are NOT subject to the City's Code but must file disclosure statements under Government Code section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are Other City Officials who manage public investments¹. These positions are listed here for informational purposes only.

Administrative Services Director/Treasurer
Investment Consultant

¹ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' **TITLE OR FUNCTION**

DISCLOSURE CATEGORIES **ASSIGNED**

Administrative Services Manager	4, 7
Administrative Services Supervisor	5, 6
Assistant City Engineer	2, 3, 5
Assistant City Manager	1, 2
Assistant to the City Manager	5
Associate Engineer	2, 3, 5
Associate Planner	1, 2
Building Inspector	6
Building Official	5, 6
Business License Specialist	5, 6
City Attorney (not filing under GC 87200)	1, 2
City Clerk	5
Civil Engineer	2, 3, 5
Code Enforcement Officer	2, 5
Code Enforcement/Parking Control Supervisor	2, 5
Community & Economic Development Director	2, 3, 5, 6
Community Services Coordinator	5, 7
Community Services Director	5

DESIGNATED POSITIONS'
TITLE OR FUNCTION

DISCLOSURE CATEGORIES
ASSIGNED

Community Services Manager	5
Community Services Supervisor	5
Deputy City Clerk	5
Deputy City Manager	1, 2
Economic Development Specialist	2, 3, 5, 6
Engineering Assistant	2, 3, 5
Facilities Maintenance Supervisor	2, 5
Housing Authority Associate	2, 5, 6, 7
Housing Authority Specialist	5, 6, 7
Human Resources Specialist	5
Park Ranger	5
Planner	1, 2
Planning Manager	2, 3, 5, 6
Planning Specialist	2, 3
Public Safety Services Director	2, 5, 6
Public Works Director/City Engineer	2, 3, 5, 6
Public Works Manager	5
Recreation Leader	5
Successor Agency Associate	2, 3, 5, 7
Youth Outreach Coordinator	5, 7

DESIGNATED POSITIONS'
TITLE OR FUNCTION

DISCLOSURE CATEGORIES
ASSIGNED

MEMBERS OF BOARDS,
COMMITTEES & COMMISSIONS

Oversight Board of Successor Agency	1, 2
Parks & Recreation Commission	2, 3, 5
Stanton Community Foundation	1, 2
Successor Agency	1, 2

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Reg. 18700.3 or in a new position created since this Code was last approved that make or participate in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The City Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §. 82019; FPPC Regs. 18219 and 18734.). The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code §. 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.³ Such economic interests are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the City.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, do business in or own real property within the jurisdiction of the City.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the boundaries of the City.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the City.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the City.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the designated employee's department, unit or division.

Category 7: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, or income from a nonprofit organization, if the source is of the type to receive grants or other monies from or through the City or its subdivisions.

³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

LEGISLATIVE VERSION
(SHOWS CHANGES MADE)

CONFLICT OF INTEREST CODE

OF THE

CITY OF STANTON

CONFLICT OF INTEREST CODE OF THE CITY OF STANTON

(Amended June 27, 2017 September 25, 2018)

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. § 18730) that contains the terms of a standard conflict of interest code which can be incorporated by reference in an agency's code. After public notice and hearing Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **City of Stanton (the "City")**.

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APPENDIX

CONFLICT OF INTEREST CODE

OF THE

CITY OF STANTON

(Amended ~~June 27, 2017~~ September 25, 2018)

PART "A"

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DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' **TITLE OR FUNCTION**

DISCLOSURE CATEGORIES **ASSIGNED**

Administrative Services Manager	4, 7
Administrative Services Supervisor	5, 6
Assistant City Engineer	2, 3, 5
<u>Assistant City Manager</u>	<u>1, 2</u>
Deputy City Manager	1, 2
Assistant to the City Manager	5
Associate Engineer	2, 3, 5
Associate Planner	1, 2
Building Inspector	6
Building Official	5, 6
Business License Specialist	5, 6
City Attorney (not filing under GC 87200)	1, 2
City Clerk/ Executive Assistant to the City Manager	5
Civil Engineer	2, 3, 5
Code Enforcement Officer	2, 5
Code Enforcement/Parking Control Supervisor	2, 5
Community & Economic Development Director	2, 3, 5, 6

DESIGNATED POSITIONS'
TITLE OR FUNCTION

DISCLOSURE CATEGORIES
ASSIGNED

Community Services Coordinator	5, 7
Deputy City Clerk	5
<u>Economic Development Specialist</u>	<u>2, 3, 5, 6</u>
Engineering Assistant	2, 3, 5
Facilities Maintenance Supervisor	2, 5
Housing Authority Associate	2, 5, 6, 7
Housing Authority Specialist	5, 6, 7
Human Resources Specialist	5
Park Ranger	5
Community Services Director	5
Community Services Manager	5
Community Services Supervisor	5
Planner	1, 2
Planning Manager	2, 3, 5, 6
Planning Specialist	2, 3
Public Safety Services Director	2, 5, 6
Public Works Director/City Engineer	2, 3, 5, 6
Public Works Manager	5
Recreation Leader	5

DESIGNATED POSITIONS'
TITLE OR FUNCTION

DISCLOSURE CATEGORIES
ASSIGNED

Successor Agency Associate

2, 3, 5, 7

Youth Outreach Coordinator

5, 7

MEMBERS OF BOARDS,
COMMITTEES & COMMISSIONS

Oversight Board of Successor Agency

1, 2

Parks & Recreation Commission

2, 3, 5

Stanton Community Foundation

1, 2

Successor Agency

1, 2

Consultants and New Positions²

² Individuals serving as a consultant as defined in FPPC Reg. 18700.3 or in a new position created since this Code was last approved that make or participate in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

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PART "B"

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Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the designated employee's department, unit or division.

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³ This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: September 25, 2018

SUBJECT: AWARD OF A PROFESSIONAL SERVICES AGREEMENT FOR THE DESIGN OF THE SEWER CONDITION IMPROVEMENT PROJECT TO LOCKWOOD, ANDREWS & NEWNAM, INC.

REPORT IN BRIEF:

The Sewer Condition Improvement Project will correct existing system deficiencies identified in the City's Sanitary Sewer Master Plan. Staff recommends that the firm Lockwood, Andrews & Newnam, Inc. be retained for the design services of this project.

RECOMMENDED ACTION:

1. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15301(c) – Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities; and
2. City Council approve a Professional Services Agreement with Lockwood, Andrews & Newnam, Inc. for design support and development of plans for the Sewer Condition Improvement Project the maximum contract sum of \$202,640; and
3. Authorize the City Manager to bind the City of Stanton and Lockwood, Andrews & Newnam, Inc. in a contract to provide these services.

BACKGROUND:

The City's Sewer Master Plan identifies both condition improvement recommendations and capacity improvement recommendations. The project will include the preparation of contract documents to address the highest nine condition deficiencies classified as "severe" and "major".

ANALYSIS/JUSTIFICATION:

On June 4, 2018 a Request for Proposals was issued to qualified engineering firms to provide design services for the Sewer Condition Improvement Project. The proposals

were due back to the City on July 2, 2018. Five (5) proposals were received and reviewed by a panel of City staff members represented by the Public Works Department. Staff found that based on the proposal submitted by Lockwood, Andrews & Newnam, Inc. that this firm is best qualified to design this project. Lockwood, Andrews & Newnam, Inc. has extensive experience in designing similar projects.

FISCAL IMPACT:

Funds for the Sewer Condition Improvement Project have been budgeted in the Sewer Maintenance Fund Account 501-3700-730105.

ENVIRONMENTAL IMPACT:

The project is exempt from the California Environmental Quality Act ("CEQA") under Section 15301(c) – Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities

LEGAL REVIEW:

None.

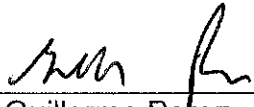
STRATEGIC PLAN OBJECTIVE ADDRESSED:

3 – Provide a quality infrastructure.


PUBLIC NOTIFICATION:

Notifications and advertisement were performed as prescribed by law.

Prepared by:


Guillermo Perez
Associate Engineer

Reviewed by:


Allan Rigg, P.E. AICP
Director of Public Works

Concur:


Stephen Parker, CPA
Assistant City Manager

Approved by:


Bob Hall
Interim City Manager

Attachments:

(1) Professional Services Agreement

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and effective as of September 25, 2018, between the **City of Stanton**, a California Municipal Corporation ("City") and **Lockwood, Andrews & Newnam, Inc. (LAN)**, ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on **September 25, 2018** and shall remain and continue in effect until tasks described herein are completed, but in no event later than **September 25, 2019** unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A. When available, a more detailed work program shall be attached and incorporated into this agreement as a separate exhibit.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of his/her ability, experience, and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. CITY MANAGEMENT

City's Director of Public Works shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Consultant. City's City Manager shall be authorized to act on City's behalf and to execute all necessary documents that enlarge the Tasks to Be Performed or change Consultant's compensation, subject to Section 5 hereof.

5. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth herein, attached hereto and incorporated herein by this reference as though set

forth in full, based upon actual time spent on the above tasks. This amount shall not exceed **Two Hundred and Two Thousand, Six Hundred Forty Dollars (\$202,640.00)** for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement that are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services. The City Manager may approve additional work not to exceed ten percent (10%) of the amount of the Agreement, but in no event shall such sum exceed ten thousand dollars (\$10,000.00). Any additional work in excess of this amount shall be approved by the City Council.

(c) Consultant will submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

6. **SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE**

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section 3.

7. **DEFAULT OF CONSULTANT**

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement

immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the City Manager or his/her delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts there from as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. However, use of data by City for other than the project that is the subject of this agreement shall be at City's sole risk without legal liability or exposure to Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

9. **INDEMNIFICATION**

(a) Indemnification for Professional Liability. Where the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless City, and any and all of its officials, employees and agents (collectively "Indemnified Parties"), from and against any and all claims, charges, complaints, liabilities, obligations, promises, benefits, agreements, controversies, costs, losses, debts, expenses, damages, actions, causes of action, suits, rights, and demands of any nature whatsoever, including but not limited to the extent same are caused or contributed to in whole or in part which relate to or arise out of any negligent act, intentional or willful misconduct of, or omission (collectively "Claims"), by Consultant, its officers, agents, employees or subcontractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement without regard to whether such Claims arise under the federal, state, or local constitutions, statutes, rules or regulations, or the common law. With respect to the design of public improvements, the Consultant shall not be liable for any injuries or property damage resulting from the reuse of the design at a location other than that specified in Exhibit A without the written consent of the Consultant.

(b) Indemnification for Other Than Professional Liability. In addition to indemnification related to the performance of professional services and to the full extent permitted by law, Consultant shall further indemnify, protect, defend and hold harmless the City and Indemnified Parties from and against any liability (including Claims) where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the negligent acts, omissions, or willful misconduct by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements which indemnify, protect, defend and hold harmless the City from liability, with provisions identical to those set forth here in this Section 9 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required, this failure shall be a material breach of this Agreement, and Consultant agrees to be fully responsible according to the terms of this entire Section 9. City has no obligation to ensure compliance with this Section by Consultant and failure to do so will in no way act as a waiver. This obligation to indemnify and defend City is binding on the successors, assigns or heirs of Consultant, and shall survive the termination of this Agreement or this section.

(d) Obligation to Defend. It shall be the sole responsibility and duty of Consultant to fully pay for and indemnify the City for the costs of defense, including but not limited to reasonable attorney's fees and costs, for all Claims against the City and the Indemnified Parties, whether covered or uncovered by Consultant's insurance, against the City and the Indemnified Parties which arise out of any type of omission or error, negligent or wrongful act, of Consultant, its officers, agents, employees, or subcontractors. City shall have the right to select defense counsel.

10. **INSURANCE**

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit B attached to and part of this Agreement.

11. **INDEPENDENT CONSULTANT**

(a) Consultant is and shall at all times remain as to the City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

12. **LEGAL RESPONSIBILITIES**

The Consultant shall keep itself informed of State and Federal laws and regulations, which in any manner affect those employed by it or in any way, affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

13. **UNDUE INFLUENCE**

Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City of Stanton in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City of Stanton will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

14. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

15. **RELEASE OF INFORMATION/CONFLICTS OF INTEREST**

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or sub consultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or sub consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

16. **NOTICES**

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Stanton
7800 Katella Ave
Stanton, California 90680
Attention: City Clerk

To Consultant: LAN
770 The City Drive South, Suite 8425
Orange, CA 92868

17. **ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Because of the personal nature of the services to be rendered pursuant to this Agreement, only LAN shall perform the services described in this Agreement.

18. **LICENSES**

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

19. **GOVERNING LAW**

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over the City of Stanton.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding that between the parties relating to the obligations of the parties described in this

Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. **CONTENTS OF PROPOSAL**

Consultant is bound by the contents of the proposal submitted by the Consultant, Exhibit "A" hereto.

22. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF STANTON

CONSULTANT

By: _____
Bob Hall
City Manager

By: _____
(Signature)

(Typed Name)

Its: _____

Attest:

Patricia A. Vazquez, City Clerk

Approved As To Form:

Matthew E. Richardson, City Attorney

EXHIBIT A

TASKS TO BE PERFORMED

Provide professional engineering services for the design of the Sewer Condition Improvement Project. The scope of work for this project is detailed in the proposal submitted by LAN on July 2, 2018.

EXHIBIT B

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this Agreement and which is applicable to a given loss, will be available to City.

Consultant shall provide the following types and amounts of insurance:

1. **Commercial General Liability Insurance** using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$2,000,000 per occurrence.
2. **Business Auto Coverage** on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.
3. **Workers Compensation** on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.
4. **Professional Liability or Errors and Omissions Insurance** as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds City, its officials, employees and agents. Consultant also agrees to require all contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by Contractor and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by the City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any

other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to City of any cancellation of coverage..
9. It is acknowledged by the parties of this Agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to City.
10. Consultant agrees to ensure that subcontractors, and any other party involved with the project that is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to City for review.
11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this Agreement to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City. At that time the City shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
12. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increased benefit to City.
13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
14. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this Agreement. This obligation applies whether or not the Agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this Agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
19. These insurance requirements are intended to be separate and distinct from any other provision in this Agreement and are intended by the parties here to be interpreted as such.
20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
22. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this Agreement. City assumes no obligation or liability by such notice, but has

the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

QUALIFICATIONS FOR

City of Stanton

Sewer Condition Improvement Project

July 2, 2018



PREPARED FOR

Stanton



**Lockwood, Andrews
& Newnam, Inc.**
A LEO A. DALY COMPANY



**Lockwood, Andrews
& Newnam, Inc.**
A LEO A DALY COMPANY

770 The City Drive South
Suite 8425
Orange, CA 92868

T 714.468.1986
F 714.468.1989
www.lan-inc.com

July 2, 2018

Allan Rigg, PE, AICP
Public Works Director
City of Stanton
Department of Public Works
7800 Katella Avenue
Stanton, CA 90680-3162

RE: Sewer Condition Improvement Project

Dear Mr. Rigg,

The City of Stanton is responsible for providing a reliable, effective, and efficient wastewater collection and conveyance system. The City is now looking for professional engineering services for design to correct existing system deficiencies identified in the City's sanitary sewer master plan.

The Project

The City's Sewer Master Plan prepared in 2013 identified both Condition Improvement Recommendations and Capacity Improvement Recommendations. The project will include the preparation of contract documents to address the highest nine condition deficiencies classified as "severe" and "major".

The Approach

The LAN Team will provide new CCTV inspection as the first task to reevaluate the condition of the subject reaches. Our experience with the sewer pipe deficiencies identified in the Master Plan as "severe" and "major" is that they can deteriorate over time. This information will be analyzed along with the responses from utility companies and survey data to prepare a preliminary layout memo with alignments and alternatives for rehabilitation of the main lines. Upon City approval of the final alternatives, the LAN Team will prepare the required plans, specifications, and estimates.

The Team

I, Cenk Yavas, will serve as Principal in Charge. I have more than 30 years of experience in the design and construction of infrastructure projects throughout Los Angeles, Orange, Riverside, and San Bernardino counties, providing all aspects of planning and design of pipelines and pump stations.

Fred Wickman, PE, will serve as Project Manager providing day to day leadership. He has well-rounded experience in the project area, as he previously served as Director of Public Works/City Engineer for the City of Stanton; he has extensive knowledge on the local public works and neighborhood issues, pavement replacement strategies, and the challenges they may present during the utility installations. Brian Robertson, with his sewer modeling and sanitary sewer design experience, brings required expertise to this important project.

I have read, understood, and agreed to all statements in this Request for Qualifications and acknowledge the terms, conditions, and attachments referenced.

I am authorized to represent LAN, and you can contact me or Fred Wickman at 714.620.6521 or fewickman@lan-inc.com.

Sincerely,

M. Cenk Yavas, P.E., D.WRE
Vice President, Team Leader

Fred Wickman, PE
Project Manager

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Firm Structure and History

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References

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Proposed Approach

Our approach to save time and money.

Page 8 Project Manager



Fred Wickman, PE

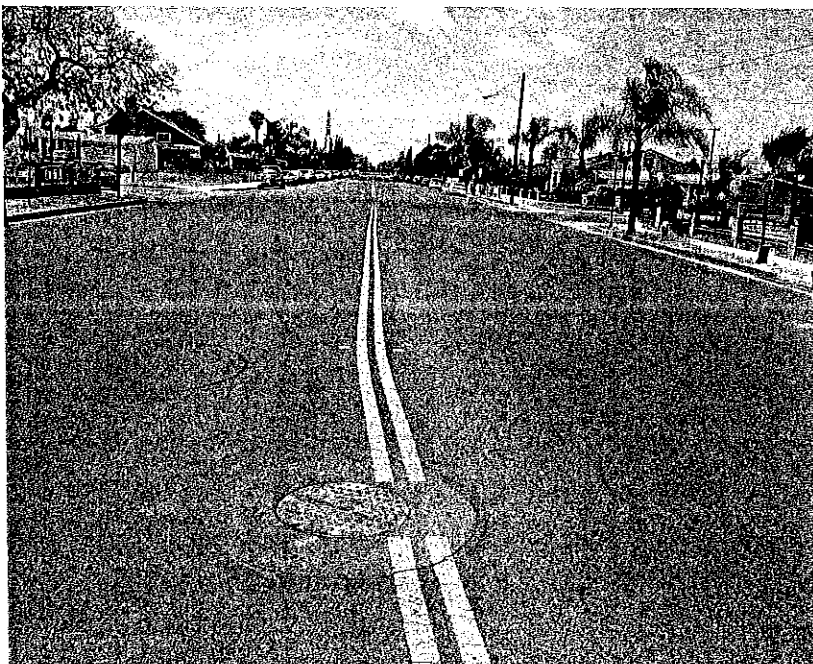
Served as Director of Public Works/
City Engineer for the City of Stanton.

PAGE

4

Project History

Our successful projects over the last 5
years



Firm History and Structure

Lockwood, Andrews and Newnam, Inc. (LAN) is a nationally recognized, full-service engineering firm headquartered in Houston, Texas with established offices in California, Texas, Florida, and major cities throughout the U.S. LAN is a wholly-owned subsidiary of LEO A DALY - a global planning, architecture, and interior design firm.

HIGHLIGHT

With a staff of more than 800 professional, technical, and support personnel, LAN offers complete engineering, planning, project management, program management, and construction management services. Since 1935, LAN has focused on providing high-quality engineering services for public and private clients. We have performed engineering services for planning, design, and construction of all aspects of wastewater, water, and stormwater conveyance, treatment, and disposal systems. This experience includes numerous pipeline design, pumping stations, stormwater quality design, regulatory compliance, and permitting services.

The continual search for new technologies and products to improve systems and decrease maintenance costs keeps LAN on the leading edge of the industry.

Our team's core personnel have worked together for more than 11 years and in Southern California for their entire careers. This team has worked together to successfully deliver numerous projects. A few of this team's long-term clients include:

- Orange County Sanitation District
- San Gabriel Valley Water Company
- Los Angeles County Department of Public Works
- City of Pomona
- City of Anaheim
- Fontana Water Company
- Inland Empire Utilities Agency
- Irvine Community Development Company
- Orange County Public Works
- Riverside County Flood Control and Water Conservation District

83+

LAN is over 83 years
old with 20 offices
Nationwide.



Our firm provides innovative solutions tailored to the unique project challenges faced by a community



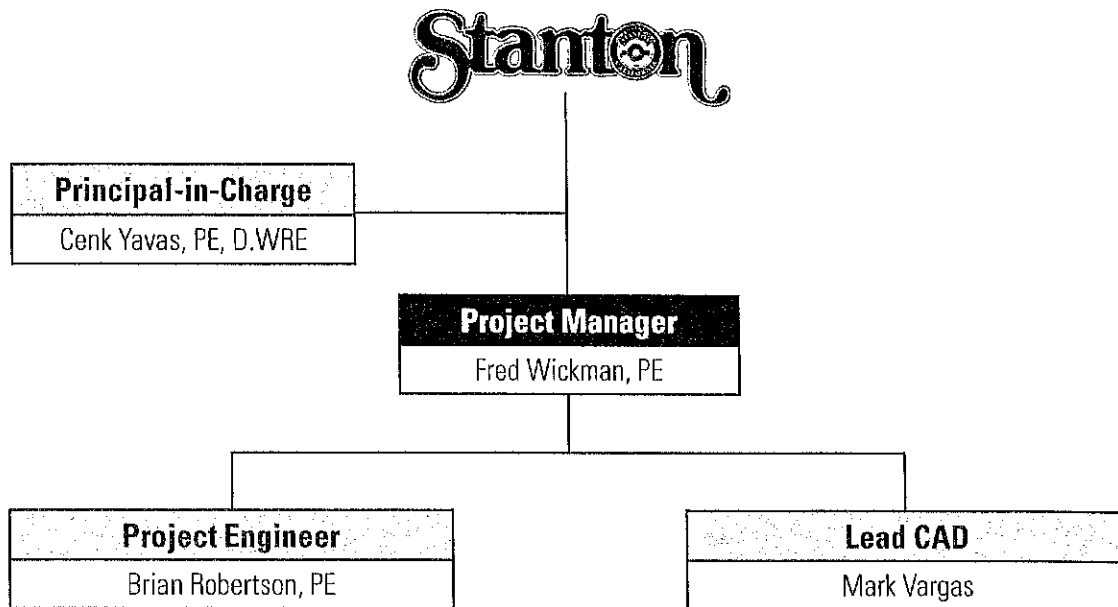
Prior Experience of Firm with Rehabilitation of Pipe Design & Construction

Technology: ☒ CIPP ☐ Carbon Fiber ☐ Coating ☐ Slipline ☐ Spiral Liner

Owner/Client– Project	Technology, Length (LF), Diameter
City of Austin – Lower S Boggy Creek Interceptor	<input checked="" type="radio"/> 10,800' 30"-36"
NTMWD – ASAP Interceptor Phase 2	<input checked="" type="radio"/> 9,092' 27"-42"
Miami Dade County – Aviation Interceptor	<input checked="" type="radio"/> 8,854' 72"
NTMWD – Beck Branch Interceptor Phase 1	<input checked="" type="radio"/> 8,700' 33"-54"
NTMWD – Beck Branch Interceptor Phase 2	<input checked="" type="radio"/> 8,590' 54"
NTMWD – ASAP Interceptor Phase 1	<input checked="" type="radio"/> 8,516' 33"
Miami Dade County – Aviation Interceptor	<input checked="" type="radio"/> 6,380' 72"
TRA – Bear Creek Interceptor	<input checked="" type="radio"/> 5,844' 36"-84"
City of Fort Worth – Sycamore Creek Interceptor	<input checked="" type="radio"/> 5,820' 45"-54"
TRA – Bear Creek Interceptor	<input checked="" type="radio"/> 4,987' 78"
Clear Lake City WA – League City Interceptor	<input checked="" type="radio"/> 4,372' 60"
City of Galveston – Airport WWTP Interceptor	<input checked="" type="radio"/> 3,460' 30"-36"
San Francisco PUC (CA) – North Shore FM	<input checked="" type="radio"/> 2,500' 36"
City of Pasadena – Strawberry Trunk Sewer	<input checked="" type="radio"/> 1,900' 42"
Memorial City TIRZ 17 – Kimberley Ln Interceptor	<input checked="" type="radio"/> 1,300' 54"
City of Laredo – River Road Storm Sewer Rehab	<input checked="" type="radio"/> 1,030' 120"
City of Laredo – Flores Storm Sewer Rehab	<input checked="" type="radio"/> 1,000' 42"
City of Lubbock – Canyon Lakes Interceptor	<input checked="" type="radio"/> 614' 30"
Minnesota Power – Fond du Lac Penstock	<input checked="" type="radio"/> 550' 216"
NTMWD – ASAP Interceptor Phase 2	<input checked="" type="radio"/> 325' 27"
NTMWD – Beck Branch Interceptor Phase 2	<input checked="" type="radio"/> 250' 54"

Additional LAN Team local experience is included in Section 5 with our client references.





Geotechnical	Surveying	CCTV
Ninyo & Moore	Bush Survey	Houston & Harris
Michael Putt, PG, CEG	David Bush	Larry Houston

**It is our assumption that we will provide coordination between the utility companies.

We acknowledge that the city must approve changes to key personnel committed to work on the project subsequent to award of contract.

**LAN****30** Years of Experience

Education

Master of Civil Engineering | Civil Engineering | California State University, Long Beach | 1988

Bachelor of Science | Civil Engineering | Istanbul Technical University | 1983

Registrations/Certifications

Professional Engineer: California No. C54756

Pipeline Assessment and Certification Program (PACP)

National Association for Sewer Service Companies (NASSCO)
CA U-406-3134, 2006

Background

Cenk has more than 30 years of planning and design experience in sanitary sewer conveyance, storm drains, water facilities, and street improvements throughout the Southern California counties of Orange, Riverside, San Bernardino, and Los Angeles. His general responsibilities include all aspects of planning and design of public and private drainage, sewer, and water facilities. During the last 10 years, Cenk has lead the design of numerous capital improvement program projects as well as coordinated extensively with regulatory permitting agencies such as the Regional Water Quality Control Board, California Department of Transportation (Caltrans), and California Coastal Commission. He is a diplomate water resources engineer (D.WRE) certified by the American Academy of Water Resources Engineers. Cenk has extensive experience in design and construction of infrastructure projects such as pipelines, pump stations, reservoirs, storm drains, and transportation facilities.

Cenk Yavas, PE, D.WRE

Principal-in-Charge

Experience

Dover Drive Trunk Sewer Relief (5-63) - Orange County Sanitation District, Newport Beach and Costa Mesa, CA: Project Manager for the sewer design to upsize 7,200 linear feet of 15- to 18-inch VCP with 24-inch VCP and 50 new manholes for the Orange County Sanitation District. Due to its close proximity to the coast, the project involved coordination with the California Coastal Commission, and preparation of extensive spill prevention plans and dewatering plan to minimize impacts. Cenk was responsible for managing the evaluation and condition assessments of the 52-year-old Dover Drive Trunk Sewer, recreation of as-builts, development of recommendations to address hydraulic and structural deficiencies, and engineering design. Close coordination was required with Caltrans due to the improvements on Pacific Coast Highway (PCH). Cenk also provided construction support services.

Broadway Sewer Improvements, Citywide Sanitary Sewer Improvement Program/Projects, Group 4 - Anaheim, CA: Project Manager responsible for the preparation of plans, specifications, and estimates for replacement of 2,600 LF of 8- to 15-inch vitrified clay pipe (VCP) with 12- to 21-inch VCP in Broadway between Gilbert Street and Brookhurst Avenue in Anaheim. Design elements included a siphon underneath an 11.5-foot by 7-foot reinforced concrete box (RCB). Coordination included the City of Anaheim, Orange County Flood Control District, and other utility agencies.

On-Call Engineering and Staff Augmentation - San Gabriel Valley Water Company, El Monte, CA: Cenk serves as Project Manager for on-call engineering services and staff augmentation. Serving as an extension of the agency, staff augmentation efforts include program management and design efforts related to water plant facilities in the Los Angeles and Fontana Divisions. Our recent project is located in the City of El Monte at Plant 1, located at the intersection of Ranchito Street and La Madera Avenue. Cenk was also responsible for the infrastructure security assessment of water production wells, treatment wells, pump stations, reservoirs, distribution system, SCADA system, and the headquarters facility. Work involved physical inspection and assessment of 39 locations, including physical security analysis of critical infrastructure, closed circuit television (CCTV), and intrusion detection systems, where required. The assessment included photo documentation of prominent security features, vulnerabilities, or failings for each assessed site. The project involves preparation of an infrastructure security report based on AWWA and other applicable standards and guidance including the Los Angeles County Division.

Edinger Pump Station Rehabilitation Study, Project No. PS15-02 - Orange County Sanitation District, Huntington Beach, CA: Edinger Pump Station is located just east of Graham Street in Edinger Avenue in the City of Huntington Beach. The existing facility was constructed in 1965 with Contract No. 11-9, Edinger Avenue Gravity Sewer and Lift Station. Cenk serves as the Project Manager for the preparation of a planning study to determine feasible options for the Edinger Pump Station - rehabilitation, reconstruct, or abandonment. The Pump Station is located in the City of Huntington Beach and serves approximately 1,500 acres. The planning study will include condition assessment of hydraulics, mechanical, electrical, and structural aspects of the project and will develop alternatives along with the final recommendation. Although the existing pump station has enough capacity for future flows, the existing electrical and mechanical equipment is out of date and code compliance. Access to the dry well and wet well is difficult; lane closures are required for access to the pumps and equipment.

**Cenk Yavas, PE,
D.WRE
Principal-in-Charge**

Experience Continued

Westside Pump Station Rehabilitation - Orange County Sanitation District, Los Alamitos, CA: Project Manager involved in rehabilitation of the existing 8-mgd Westside Pump Station to an 18.8-mgd pump. Services included preliminary design, utility research, system hydraulics, implementation plan, odor-assessment plan, final engineering, and construction support services.

Final Effluent Sampler and Building Area Upgrades (J-110) - Orange County Sanitation District, Huntington Beach, CA: Principal-in-Charge responsible for technical oversight and resource allocation for the OCSD J-110 project that involves a condition assessment, design, and construction of a new final effluent sampler building and implementation of rehabilitation measures for the short ocean outfall. The project included miscellaneous mechanical, electrical, and instrumentation tasks associated with the ocean outfall facilities.

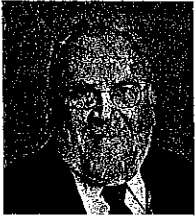
Gisler Redhill Trunk Sewer - Orange County Sanitation District, Tustin, CA: Project Manager responsible for verifying tributary flows; conducting alignment studies; preparing planning studies; and preparing plans, specifications, and estimates for a new trunk sewer for approximately 10,000 feet of 18-inch to 27-inch diameter in the City of Tustin and unincorporated Orange County area.

Gisler Redhill/North Trunk Sewer - Orange County Sanitation District, Orange and Tustin, CA: Project Manager responsible for verifying tributary flows, conducting alignment studies, preparing studies, plans, specifications, and estimates for a new trunk sewer for approximately 21,000 feet of 18-inch to 27-inch pipeline in the cities of Tustin, Orange, and the unincorporated Orange County area.

Goldenwest Street Replacement Sewer and Heil Avenue Interceptor Sewer - Orange County Sanitation District, Huntington Beach, CA: Project Engineer responsible for verifying tributary flows; conducting alignment studies; flow splitting alternatives; preparation of a preliminary design report; and preparing plans, specifications, and estimates for 10,000 feet of 30- and 39-inch sewers in Huntington Beach.

Farmersville Wastewater Treatment Plant Design - Farmersville, CA: Engineering Principal-in-Charge overseeing a team of engineers tasked with process design services for a new wastewater treatment plant. Cenk provided technical oversight and managed the engineering work.

Highbury Pump Station Rehabilitation - Bureau of Engineering, Wastewater Conveyance Engineering Division, Los Angeles, CA: Principal-in-Charge for the rehabilitation design of the existing pump station. Services included utility research, site design, system hydraulics, manufacturer coordination, evaluation of pumping options, preparation of the preliminary design report, workshop presentation, and final engineering documents.


LAN
30 Years of Experience

Education

Bachelor of Science | Civil Engineering |
Michigan Technological University | 1984

Registrations/Certifications

Professional Engineer: California No.
C47979

Background

Fred has 30 years of municipal engineering and public works capital improvement project experience. Fred has well-rounded experience in the project area, as he previously served as Director of Public Works for the City of Stanton, and has extensive knowledge on the local public works issues and the challenges they may present during the utility installations. He began his career at the Orange County Public Property Permits Division, and he has been employed by the City of Baldwin Park in addition to his employment with the City of Stanton. During his career in the private sector, he has served as the contract City Engineer for the City of Rosemead, and deputy city engineer for the cities of Villa Park, Los Alamitos, and Hawaiian Gardens. With his public and private sector experience, Fred is familiar with the approval and permitting procedures of federal, state, county, and local jurisdictions and has significant experience with numerous funding sources, including assessment districts, enterprise funds, and federal, state, and local programs.

Fred Wickman, PE

Project Manager

Experience

Program Management for Water and Sewer CIP - Pomona, CA: Project Manager responsible for the program management of the City of Pomona's \$60-million water and sewer capital improvement projects contract. The City identified 75 separate projects, including water mainlines, fire flow upgrades, treatment plant improvements, water well installations, sanitary sewer mainlines, booster pumps, and construction of a 1-million-gallon reservoir. In addition to the construction projects, the program includes numerous studies related to future programs. The contract involved comprehensive management services for the program.

Del Mar Avenue Sanitary Sewer Rehabilitation - Rosemead, CA: As Project Engineer, Fred was responsible for preparation of PS&E for construction of approximately 2,700 linear feet of 12-inch VCP sewer main line on Del Mar Avenue from Hellman Avenue to Garvey Avenue to replace an existing 8-inch V.C.P. Due to existing utilities, the new main line was constructed at the same line and grade as the existing line, requiring temporary facilities for continuation of service.

Juan Street Rehabilitation - San Diego, CA: Project Manager overseeing design and preparation of construction documents for rehabilitation of Juan Street from Taylor Street to Sunset Road. The original roadway was Portland cement concrete (PCC) with an inverted crown that conveyed drainage to the existing underground storm drain system at the westerly limits of the project. The existing pavement required total reconstruction. Due to the substantial change in street sections from the inverted crown to a typical raised centerline combined with 12% longitudinal grades, significant surface drainage issues needed to be addressed during design of the project. In addition to roadway reconstruction, the project involved reconstruction of the existing curb and gutter, sidewalks, curb access ramps, and drive approaches to comply with Americans with Disabilities Act (ADA) requirements. The project also replaced the existing 8-inch water main with a new 12-inch mainline.

Beta Street Green Alley Project - San Diego, CA: Project Manager for the Beta Street Green Alley project, which involved improving the existing unpaved alley north of Beta Street in the City of San Diego. This pilot project included the use of porous concrete in a typical low-use street setting to test the durability and functional capabilities for treating storm water runoff in a vehicular travelled setting. The porous concrete was constructed in select areas within the alley rather than the entire alley.

Orange Grove Avenue Widening and Rehabilitation - Pomona, CA: Project Manager responsible for design of the rehabilitation of more than two miles of roadway, widening the bottleneck between White Avenue and Hamilton Boulevard, construction of four new traffic signals, and relocation of utilities.

Everett Drive - Santa Clarita, CA: As Project Manager, Fred was responsible for preparation of PS&E for the construction of sewer lines, storm drain, and street widening for the assessment district. This project required approval by the Los Angeles County Flood Control District for the acceptance of maintenance of the storm drain and sewer line improvements. The construction cost was approximately \$800,000.


LAN
11 Years of Experience

Education

Bachelor of Science | Civil Engineering |
Cal Poly San Luis Obispo | 2006

Registrations/Certifications

Professional Engineer: California No.
C77990

Certified QSD, No.77990

Background

Brian serves as a project engineer in LAN's Orange California office. He has more than 11 years of experience focusing on water, wastewater, storm water, and reclaimed water projects.

His general responsibilities include technical analysis and report preparation, preparation of PS&Es, project management, utility coordination, coordination with agencies, construction support, and development review for cities and counties in Southern California.

Brian Robertson, PE

Project Engineer

Experience

Orange County Sanitation District, Dover Drive Trunk Sewer - Newport Beach, CA: Task Leader for the capital improvement project involving the design of more than 7,500 feet of 24-inch vitrified clay pipe (VCP) for the Orange County Sanitation District. Brian was responsible for evaluating and assessing the condition of the 52-year-old Dover Drive Trunk Sewer; coordinating with the City of Costa Mesa, City of Newport Beach, and other agencies; developing alternatives and recommendations to address the hydraulic and structural deficiencies; and preparing design plans and specifications. The new trunk sewer replaced the 15-inch and 18-inch sewer pipelines to meet the District's current and future needs.

Broadway Sewer Improvements, Citywide Sanitary Sewer Improvement Program/Projects, Group 4 - Anaheim, CA: Brian was the Design Engineer for an 18-inch sewer on Broadway between Gilbert Avenue and Brookhurst Avenue in the City of Anaheim. Design elements included a siphon under an 11.5-foot by 7-foot reinforced concrete box (RCB). Brian's additional responsibilities included researching the feasibility of alternative design, hydraulics analysis, coordination with support staff, sewer modeling using Hydra Version 6.5, and the development of plans and drawings.

San Gabriel Valley Water Company, On-Call Engineering and Staff Augmentation - El Monte, CA: Brian serves as Project Engineer for on-call engineering services and staff augmentation. Serving as an extension of the agency, staff augmentation efforts include program management and design efforts related to water plant facilities in the Los Angeles and Fontana Divisions. Our recent project is located in the City of El Monte at Plant 1, located at the intersection of Ranchito Street and La Madera Avenue. Brian was also responsible for the infrastructure security assessment of water production wells, treatment wells, pump stations, reservoirs, distribution system, SCADA system, and the headquarters facility. Work involved physical inspection and assessment of 39 locations, including physical security analysis of critical infrastructure, closed circuit television (CCTV), and intrusion detection systems, where required.

Orange County Sanitation District, Edinger Pump Station Rehabilitation Study, Project No. PS15-02 - Huntington Beach, CA: Edinger Pump Station is located just east of Graham Street in Edinger Avenue in the City of Huntington Beach. The existing facility was constructed in 1965 with Contract No. 11-9, Edinger Avenue Gravity Sewer and Lift Station. Brian serves as Project Engineer for the preparation of a planning study to determine feasible options for the Edinger Pump Station - rehabilitation, reconstruct, or abandonment. The Pump Station is located in the City of Huntington Beach and serves approximately 1,500 acres. The planning study will include condition assessment of hydraulics, mechanical, electrical, and structural aspects of the project and will develop alternatives along with the final recommendation. Although the existing pump station has enough capacity for future flows, the existing electrical and mechanical equipment is out of date and code compliance. Access to the dry well and wet well is difficult; lane closures are required for access to the pumps and equipment.

Bureau of Engineering, Wastewater Conveyance Engineering Division, Highbury Pump Station Rehabilitation - Los Angeles, CA: Project Engineer responsible for the rehabilitation design of the existing pump station. Services included utility research, site design, system hydraulics, manufacturer coordination, evaluation of pumping options, preparation of the preliminary design report, workshop presentation, and final engineering documents.




LAN
18 Years of Experience

Education

Technical Degree | Computer-aided Design | Westech College | 1999

Background

Mark serves as a designer in LAN's Orange California office. He has more than 18 years of design experience involving various water and wastewater facilities, wells, waterlines, sewer lines, reservoirs, site grading, booster pump stations, roadway rehabilitation, and highway drainage facilities. His background includes serving as Lead Civil 3D Designer, calculating cut and fill quantities, grading, and creating stationing, profiles, and cross sections. He has been responsible for adhering to strict Caltrans standards and handling of the plans, specifications, and estimate (PS&E) submittals. He has created topographic files using survey point files and information. In addition, Mark has created architectural renderings, inspected projects under construction, developed slideshow and presentation boards for company presentations, as well as exhibits for clients.

Mark Vargas

Lead CAD Designer

Experience

Dover Drive Trunk Sewer Relief, Contract No. 5-63 - Orange County Sanitation District, Newport Beach, CA: Lead Designer for the capital improvement project involving the design of more than 7,500 feet of 24-inch vitrified clay pipe (VCP) for the Orange County Sanitation District. The 52-year-old trunk sewer ranges from 18 to 24 inches in diameter and was replaced by sewer pipelines to meet the District's current and future needs.

Broadway Sewer Improvements, Citywide Sanitary Sewer Improvement Program/Projects, Group 4 - Anaheim, CA: Lead Designer for an 18-inch sewer in Broadway between Gilbert Avenue and Brookhurst Avenue in the City of Anaheim. Design elements include a siphon underneath an 11.5-inch by 7-inch reinforced concrete box (RCB).

On-Call Engineering and Staff Augmentation - San Gabriel Valley Water Company, El Monte, CA: Mark serves as Lead CAD Designer for on-call engineering services and staff augmentation. Serving as an extension of the agency, staff augmentation efforts include program management and design efforts related to water plant facilities in the Los Angeles and Fontana Divisions. Our recent project is located in the City of El Monte at Plant 1, located at the intersection of Ranchito Street and La Madera Avenue. Mark was also responsible for the infrastructure security assessment of water production wells, treatment wells, pump stations, reservoirs, distribution system, SCADA system, and the headquarters facility. Work involved physical inspection and assessment of 39 locations, including physical security analysis of critical infrastructure, closed circuit television (CCTV), and intrusion detection systems, where required.

Edinger Pump Station Rehabilitation Study, Project No. PS15-02 - Orange County Sanitation District, Huntington Beach, CA: Edinger Pump Station is located just east of Graham Street in Edinger Avenue in the City of Huntington Beach. The existing facility was constructed in 1965 with Contract No. 11-9, Edinger Avenue Gravity Sewer and Lift Station. Mark serves as Lead CAD Designer for the preparation of a planning study to determine feasible options for the Edinger Pump Station - rehabilitation, reconstruct, or abandonment. The Pump Station is located in the City of Huntington Beach and serves approximately 1,500 acres. The planning study will include condition assessment of hydraulics, mechanical, electrical, and structural aspects of the project and will develop alternatives along with the final recommendation. Although the existing pump station has enough capacity for future flows, the existing electrical and mechanical equipment is out of date and code compliance. Access to the dry well and wet well is difficult; lane closures are required for access to the pumps and equipment.

Westside Pump Station Rehabilitation - Orange County Sanitation District, Los Alamitos, CA: Lead CAD Designer for the upgrade and rehabilitation of the existing 8-mgd Westside Pump Station to an 18.8-mgd facility. We developed alternatives to provide bypass pumping, temporary power, temporary controls, and construction sequencing that gained early acceptance of the key design concepts. Structural options were formulated to separate the electrical room from the pump room. The team developed the structural rehabilitation strategy for the existing wet well while keeping the existing pump station operational. Mechanical improvements included replacing the existing pumps with new horizontal dry-pit screw centrifugal pumps capable of meeting the anticipated ultimate capacity. Services included preliminary design, utility research, system hydraulics, implementation plan, odor-assessment plan, final engineering, and construction support services.

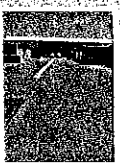










Project Understanding

Every successful project starts with a very thorough and clear scope of work that sets the expectations and goals for the project. Based on our experience with similar sanitary sewer projects, and review of the scope of work as outlined in the Scope of Services of the Request for Qualifications, the LAN team offers a hands-on approach to successfully complete this project. We are committed to meeting the City's schedule, and we will work with you to confirm all of the issues and opportunities have been addressed.

The City of Stanton (City) is seeking design engineering services for development of plans, specifications and estimates (PS&E) in various locations. The locations of the proposed projects were identified during the preparation of a Sewer Master Plan in 2013. Two types of projects were developed in the master plan, Condition Improvement Recommendations and Capacity Improvement Recommendations. The nine proposed projects, as identified in the RFQ, are all recommended condition improvement projects. They are classified as either 'severe' or 'major' deficiencies. The deficiencies associated with these categories are broken pipe, misplaced joints, sags and multiple fractures. These deficiencies were identified by CCTV inspection performed in 2012.

Key Issues and Observations

#	Picture	Location Street - Limits	Anticipated Corrective Measures
1		Laguna Court – west of Westcliff Drive	Confirm with updated CCTV inspection replacement of section of pipe with offset is sufficient. Replacement of pavement for this locations would be for minimal trench excavation.
2		Dale Street at Katella Avenue	Confirm with updated CCTV inspection replacement of fractured and deformed 4-foot section of pipe is sufficient. Damage section appears to be in the #3 eastbound lane of Katella Avenue. Intersection has heavy vehicular travel and many existing utility lines, including MWD facilities. Minimizing construction activities will be beneficial.
3		Cerritos Avenue – Lexington Street East to Lexington Street West	Confirm with updated CCTV inspection replacement of fractured and deformed 4-foot section of pipe is sufficient. Pavement is in good condition. Provide pavement restoration per City requirements. Due to location of pipeline, both westbound lanes will be impacted during construction.
4		Sherrill Street – Kennelly Lane to Winston Road	Confirm with updated CCTV inspection replacement of entire section of pipe is required. Existing pavement slurry seal has extensive cracking. May want to consider full width overlay between southerly City limit and Kennelly Lane.
5		Chapman Avenue – West of Beach Boulevard	Confirm with updated CCTV inspection spot repair and lining of pipe between manholes is sufficient. Easterly manhole appears to be in the #4 northbound lane of Beach Boulevard. Work within Beach will required permits from Caltrans.
6		Easement – North of Lampson Avenue west of Beach Boulevard	Confirm with updated CCTV inspection spot repair and lining of pipe between manholes is sufficient. Based on broken pipe at 350.3' and start of video at upstream MH V027, break will be in Lampson Avenue approximately 10-12' north of OCSD MH OC07 in the #1 westbound lane. Access to OCSD MH will require permits.

7		Oakhaven Drive – South of Grandoaks Drive	Confirm with updated CCTV inspection spot repairs near both ends of section of pipe is sufficient. Residential street will require minimal traffic control. Street has slurry seal and appears in good condition. Typical trench repair would be recommended.
8		Orangewood Avenue – West of Beach Boulevard	Confirm with updated CCTV inspection spot repair of broken section of pipe is sufficient. Due to low traffic volume for arterial roadway, traffic control with one lane in each direction should be adequate. Pavement is in good condition requiring typical trench repair only.
9		Alley – North of Chanticleer Road east of Dale Street	Confirm with updated CCTV inspection replacement of fractured 10-foot section of pipe is sufficient. Alley pavement is in poor condition. For 10' replacement, typical trench repair would be adequate. Should significant pipe damage be found, full width alley replacement may be warranted.

Approach

We have identified the following major tasks to accomplish the project as defined in the scope of work:

TASK 1- CCTV Inspection

The City's sewer master plan was prepared in 2013. We assume most of the CCTV inspection was also performed 2012 and/or 2013. It has been more than 5 years since the last inspection. We propose new CCTV inspection performed as the first task to reevaluate the condition of the subject reaches. Our experience with the sewer pipe deficiencies such as identified in the Master Plan as "severe" and "major" gets worse over time. Our subconsultant Houston and Harris therefore will perform CCTV inspection along the identified pipe reaches.

Once the inspection results are completed, we propose to reexamine the pipe condition and revisit the recommendations from 2013 Master Plan.

Deliverable: CCTV Report, condition evaluation memorandum

TASK 2- Survey Services

The LAN Team shall perform all necessary research and surveying as required to complete the design services including the establishment of all existing street alignments, centerline control, bench mark elevations, existing right-of-way limits, identifications of existing surface features and topography. Cross-section elevations shall be provided every 50 feet and at grade changes. Sewer and storm drain facilities shall be "dipped" and rim elevations shot at each manhole within the project limits.

Deliverable: Survey base file in CAD format

TASK 3- Utility Investigation

All involved utility companies will be identified thru our USA Dig Alert services and contact information provided by the City. Information will be requested and collected from the utility companies. Coordination with the utilities will continue throughout the design of the project. Copies of the utility letters along with the responses will be transmitted to the City.

LAN will coordinate potholing of existing utilities to be performed by the utility companies, as required. We have not included a subconsultant or fee associated for potholing services. If needed due to untimely or unresponsive actions from a utility, LAN can contract for the potholing under separate authorization.

Deliverable: Utility Company correspondence files

TASK 4- Geotechnical Services

Our subconsultant, Ninyo and Moore, will perform a soil boring test for each location. The soils report recommendations will be incorporated into the design and project specifications, specifically to include bedding recommendations, shoring design information that is adequate for the contractor to provide shoring calculations, and groundwater information.

Deliverable: Geotechnical Investigation report

TASK 5- Preliminary Layout

This task will set up the basis of design efforts. We will identify all feasible alignments/alternatives. While developing the feasible preliminary alignments, following factors will be investigated in detail:

- Bypassing of flows, either pumping or in line by passing
- Possible utility conflicts if a new alignment is proposed
- Possible impact of the traffic
- Impacts of the house laterals, possible reconnect and/or relining
- Temporary construction impacts of private properties or business
- Work hour determinations
- Addressing possible 'perched water'
- Evaluation of existing pavement conditions, possible replacement sections
- Accessing the easements and addressing any private improvements in easements
- Identifying spot repair methods where applicable
- If lining is considered, identify access points and lining lengths along with assessment of structural sections if necessary
- If identified by CCTV, addressing rehabilitation of deteriorated manholes by proposed polyurethane lining

Deliverable: Preliminary Layouts

TASK 6- Design Development (PS&E) Coordination/Permitting

LAN Team will finalize the necessary permits as it may be required from all involved agencies and utilities. We foresee obtaining permits from Caltrans and OCSD at a minimum.

As identified in RFP, there will be three submittals for the City's review. They will be at 70%, 90% and 100% submittals. Based on feedback from the City's 70% and 90% review and continual input from City staff, detailed final construction plans will be prepared.

Detailed specifications will be prepared for the project based on the Standard Specifications for Public Works Construction. The City's boilerplate will be used for the general conditions and special provisions.

Deliverable: Final PS&E package

TASK 7- Bid and Construction Support Services

Our team will assist the City during the bidding phase by answering questions related to the PS&E package. We also propose to attend the pre-construction meeting. We will respond the RFIs during the construction phase as necessary and will review the shop drawings. We will assist the City when needed with change order requests and provide our input. Upon completion of the construction phase, prepare As-Built Mylars based on the redline comments prepared by the Contractor and project inspector.

Deliverable: Responses to RFIs, Shop Drawings and As-built drawings

Ninyo & Moore

19 Years of
Experience

Education

Bachelor of Science | Geology |
California State University, Fullerton |
1997

License/Certification

California PG 7581, CEG 2341



28 Years of
Experience

Education

Bachelor of Science | Surveying
Engineering | California State University,
Fresno | 1989

License/Certification

California Land Surveyor



30 Years of
Experience

License/Certification

California A-General Engineering
Contractor's License and D-38 Sand &
Water Blasting Contractor's License

Michael Putt, PG, CEG

Geotechnical Engineering

Experience

Plant No. 2 Digester Ferric Chloride System Rehabilitation - Orange County Sanitation District, Huntington Beach, CA: Project Manager for geotechnical evaluation Report for final design. The report addressed geologic conditions and seismic hazards, groundwater, seismic design parameters, site earthwork and foundations. Recommendations were presented for structure pad.

Plan Review/On-Call Geotechnical Services - City of Rancho Santa Margarita, CA: Project Manager for the on-call geotechnical engineering consulting services for various projects in the City of Rancho Santa Margarita.

David Bush

Surveying

Experience

Beach Interceptor Sewer Tunnel - South Coast Water District, Laguna Beach, CA: Design surveying for a 2.0 mile tunnel rehabilitation project.

Dover Drive Trunk Sewer, Orange County Sanitation District - Newport Beach, CA: Construction surveying for 1.4 miles of sewer pipeline.

Orange Park Acres Domestic Water Pipeline - Irvine Ranch Water District Orange, CA: Construction surveying for 5.1 miles of water pipeline.

Larry Houston

CCTV

Experience

City of Buena Park, CA: 5 years --Concluded March 2018 -- Cleaned and Video approximately 869,000 feet.

City of Santa Ana, CA: 14 years approximately - Cleand and Video approximately 4,100,000 feet.

City of Placentia, CA: Year 3 of a 3 year contract - Cleaned 396,000 and Video 50,000 feet.

Dover Drive Trunk Sewer Relief (5-63) | Newport Beach and Costa Mesa, CA

Client Contact

Orange County Sanitation District,
Hardat Khublall, CIP Manager,
714.593.7377
hkhublall@ocsd.com

Key Personnel - Cenk Yavas, Brian
Robertson, Mark Vargas, Ninyo &
Moore

Sewer design to upsize 7,200 linear feet of 15- to 18-inch VCP with 24-inch VCP and 50 new manholes for the District. Due to its close proximity to the coast, the project involved coordination with the California Coastal Commission and preparation of extensive spill prevention plans and dewatering plan to minimize impacts.

We managed evaluation and condition assessments of the 52-year-old Dover Drive Trunk Sewer, recreated as-builts, developed recommendations to address hydraulic and structural deficiencies, and provided engineering design. Close coordination was required with Caltrans due to the improvements on Pacific Coast Highway (PCH).

Broadway Sewer Improvements, Citywide Sanitary Sewer Improvement Program (CSSOP), Group 4, Model 44 | Anaheim, CA

Client Contact

City of Anaheim
Khanh Chu, Principal Civil Engineer
714.765.5259
kchu@anaheim.net

Key Personnel

Cenk Yavas, Brian Robertson,
Mark Vargas

The LAN team provided design services for Group 4 projects of the Citywide Sanitary Sewer Improvement Program for Broadway between Gilbert Street and Brookhurst Street. The City completed the Combined West Anaheim Area Master Plan of Sanitary Sewers (CWAAMPSS) and identified deficiencies including the proposed improvements of approximately 2,600 linear feet of sewer line in Broadway between Gilbert Street and Brookhurst Street. The recommendations for the existing line generally consisted of upsizing the existing 8- through 15-inch vitrified clay pipe to 12 inches and 21 inches within the subject reach. The work also included a sewer siphon that crosses a facility owned by Orange County Flood Control District (OCFCD).

Water Infrastructure Security Assessment | San Gabriel Valley, California

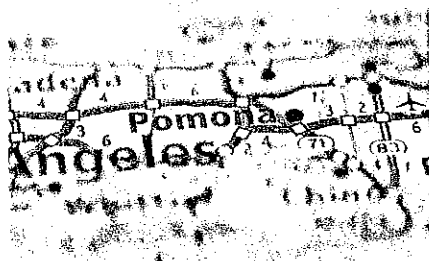
Client Contact

San Gabriel Valley Water Company
Matt Yucelen, Vice President of
Engineering
myyucelen@sgvwater.com
909.201.7333

Key Personnel

Cenk Yavas, Brian Robertson, Mark
Vargas

Responsible for the infrastructure security assessment of San Gabriel Valley Water Company facilities including water production wells, treatment wells, pump stations, reservoirs, distribution system, SCADA system, and the headquarters facility. Work involved physical inspection and assessment of 39 locations including physical security analysis of critical infrastructure, closed circuit television (CCTV), and intrusion detection systems, where required. The assessment included photo documentation of prominent security features, vulnerabilities, or failings for each assessed site. The project involved preparation of an infrastructure security report based on AWWA and other applicable standards and guidance including the Los Angeles County Division.



Program Management for Water and Sewer CIP | City of Pomona, California

Responsible for the program management of the City of Pomona's \$60 million water and sewer capital improvement projects contract. The City had identified 75 separate projects, including water mainlines, fire flow upgrades, treatment plant improvements, water well installations, sanitary sewer mainlines, booster pumps, and construction of a one-million-gallon reservoir. In addition to the construction projects, the program included a number of studies related to future programs.

Program management staff were assigned to the City's offices and worked closely with public works and utility department staff. Services included coordination with the City Clerk's office for advertisement of professional services RFPs and Notice Inviting Bids for the construction contracts. Also interacted with the finance department for processing project invoices and provided estimates and schedule for future expenditures for bond funding.

The contract involved comprehensive on-site management services for the program, including:

- Preparation of a master schedule for the budgeted 75 projects for phasing and constructability, including combining smaller projects to reduce the number of contracts and to take advantage of lower unit costs for larger projects.
- Preparation of RFPs for design services and construction management/inspection services.
- Conducted pre-proposal meetings with potential consultant firms.
- Review of proposals and provide recommendations for award of contracts, including preparation of the City Council staff reports.
- Provided technical review of consultants PS&E submittals, and recommend approval by the City Engineer.
- Advertised Notice Inviting Bids for construction contracts in compliance with the City's procedures.
- Conducted public bid opening and review of apparent low bidder's submittal for completeness and accuracy.
- Provided recommendations for award of construction contracts, including preparation of the City Council staff reports.

Client Contact

City of Pomona

Matt Pilarz

matt_pilarz@ci.pomona.ca.us

909.620.3652

Key Personnel

Cenk Yavas, Fred Wickman

Edinger Pump Station Rehabilitation Study | Huntington Beach, CA

Client Contact

Orange County Sanitation District,
Hardat Khublall, CIP Manager,
714.593.7377

hkhublall@ocsd.com

Key Personnel - Cenk Yavas, Brian Robertson, Mark Vargas, Ninyo & Moore

Edinger Pump Station is located just east of Graham Street in Edinger Avenue in the City of Huntington Beach. The existing facility was constructed in 1965 with Contract No. 11-9, Edinger Avenue Gravity Sewer and Lift Station. LAN is responsible for the preparation of a planning study to determine feasible options for the Edinger Pump Station - rehabilitation, reconstruct, or abandonment. The Pump Station is located in the City of Huntington Beach and serves approximately 1,500 acres. The planning study will include condition assessment of hydraulics, mechanical, electrical, and structural aspects of the project and will develop alternatives along with the final recommendation. Although the existing pump station has enough capacity for future flows, the existing electrical and mechanical equipment is out of date and code compliance. Access to the dry well and wet well is difficult; lane closures are required for access to the pumps and equipment.



Design Schedule

ID	Task Name	Duration	Start	February										March			April				
				1/27	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24	3/31	4/7	4/14	4/21	4/28				
1	Kick-off Meeting (assumed)	1 day	Mon 8/6																		
2	Data Collection	3 days	Tue 8/7																		
3	Design Survey	15 days	Wed 8/8																		
4	CCTV Condition Assessment	5 days	Mon 8/13																		
5	Geotechnical Report	25 days	Wed 8/15																		
6	Utility Coordination	10 days	Mon 8/20																		
7	Prepare Base Maps	3 days	Wed 8/22																		
8	Alternative Analysis	10 days	Mon 9/3																		
9	Prepare Alternatives Report	3 days	Wed 9/5																		
10	Submit Alternatives Report	1 day	Fri 9/14																		
11	City Review Report	10 days	Mon 9/17																		
12	Meeting	1 day	Mon 10/1																		
13	Prepare 70% PS&E	15 days	Mon 10/1																		
14	Submit 70% PS&E	1 day	Mon 10/1																		
15	City Review 70% PS&E	10 days	Mon 10/1																		
16	Meeting	1 day	Mon 11/1																		
17	Prepare 90% PS&E	10 days	Mon 11/1																		
18	Submit 90% PS&E	1 day	Mon 11/1																		
19	City Review 90% PS&E	10 days	Mon 11/1																		
20	Meeting	1 day	Mon 12/1																		
21	Prepare Final 100% PS&E	5 days	Mon 12/1																		
22	Submit Final 100% PS&E	1 day	Mon 12/1																		
23	Bidding Support	20 days	Wed 12/1																		
24	Pre-Construction Meeting	1 day	Mon 2/1																		
25	Response to RFIs	10 days	Mon 2/1																		
26	Review Contractor Submittals	10 days	Mon 2/1																		

◆ 2/11





**Lockwood, Andrews
& Newnam, Inc.**
A LLOYD A DALY COMPANY

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Suite 8425
Orange, CA 92868

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F 714.468.1989
www.lan-inc.com

July 2, 2018

Allan Rigg, PE, AICP
Public Works Director
City of Stanton
Department of Public Works
7800 Katella Avenue
Stanton, CA 92680-3162

Subject: Fee Proposal for Sewer Condition Improvement Project Engineering Services

Dear Mr Rigg:

Enclosed is LAN's Fee Schedule as required per the City's Request for Qualifications. During preparation of our scope of work, time estimates, and fees, certain assumptions were made as to the services to be provided.


Our submitted fee includes all the requested services for preparation of construction documents for the proposed improvements based on the worst-case scenario of complete replacement of the main line manhole-to-manhole. In areas where only spot repairs or short sections of pipe replacement are required, there may be cost savings dependent of the existing conditions and details required to complete the repairs / replacements.

In response to the City's request to provide appropriate steps to identify depth of ground water in the project areas, we have provided a fee for geotechnical services, including one a boring, at each of the project locations. Due to the history of high ground water in the City, the costs to complete these services is significant for permitting, disposal of groundwater, grouting, etc.

In an effort to reduce the project costs, we can review the existing historical record groundwater elevations and compare them to the invert pipe elevations for each location prior to the proceeding with the borings. We may be able to determine which areas are least likely to be impacted by groundwater during construction. However, this could result in additional risk, delays, and/or change orders during the construction phase of the project. We have included an optional reduced fee for limited borings on our attached fee schedule for the City's consideration.

We look forward to the opportunity to meet with you to discuss our proposed scope, time estimates, and associated fees. The additional services scope, if to be considered, can also be discussed at that time. If you have any questions or require any further information, please contact our Project Manager, Mr. Fred Wickman, at 714-620-6521, or on his cell at 714-657-6442.

Sincerely,


M. Cenk Yavas, PE, D.WRE
Vice President, Team Leader

Enc.

CITY OF STANTON
SEWER CONDITION IMPROVEMENT PROJECT
FEE SCHEDULE

	Hourly Rate	Total Hours	Principal - in Charge	Project Manager	Project Engineer	Lead CAD	Administration	Subconsultant Services	Total Fee
Meetings and Data Collection		22	\$ 260.00	\$ 240.00	\$ 170.00	\$ 140.00	\$ 75.00		\$ 4,480.00
Design Survey		0	2	8	12			\$ 15,000.00	\$ 15,000.00
CCTV Condition Assessment		0						\$ 11,500.00	\$ 11,500.00
Geotechnical Services (9 Borings)		0						\$ 77,500.00	\$ 77,500.00
Utility Coordination		40		4	24	12	12		\$ 7,620.00
Prepare Base Maps		34		2	8	24			\$ 5,200.00
Field Review		16		8	8				\$ 3,280.00
Prepare Preliminary Layout Memo		64	4	4	32	24	8		\$ 11,400.00
Prepare PS&E									
70% PS&E		166	2	24	60	80	4		\$ 27,980.00
90% PS&E		98	2	16	40	40	2		\$ 16,910.00
Final 100% PS&E		52	4	16	16	16	2		\$ 9,990.00
Permit Requirements		20	4	4	8	4	4		\$ 4,220.00
Bidding Support Services		16		4	8	4			\$ 2,880.00
Construction Support Services		28		4	12	12			\$ 4,680.00
TOTALS		556	18	94	228	216	32	\$ 104,000.00	\$ 202,640.00
Optional Geotechnical Services (4 Borings)								\$ 36,750.00	\$ 36,750.00
OPTIONAL TOTAL								\$ 63,250.00	\$ 161,890.00

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

DATE: SEPTEMBER 25, 2018

SUBJECT: CONSIDERATION OF RESOLUTION 2018-40 PURSUANT TO CALIFORNIA DEPARTMENT OF TRANSPORTATION JOINT POLICY GUIDELINES FOR SPECIAL EVENTS ON STATE RIGHTS OF WAYS IN ORDER TO OBTAIN AN ANNUAL SPECIAL EVENTS ENCROACHMENT PERMIT FOR THE VETERANS DAY CEREMONY AND KATELLA AVENUE CLOSURE

REPORT IN BRIEF:

The California Department of Transportation (Caltrans) requires a resolution in which the City Council authorizes city staff the ability to obtain a special events encroachment permit for the annual "Veterans Day Celebration" event. The closure of Katella Avenue includes traffic control on Beach Boulevard, which is within the purview of Caltrans, to direct traffic away from the area of the closure.

RECOMMENDED ACTION:

1. Declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(5) – Organizational or administrative activities of governments that will not result in direct or indirect physical change in the environment; and
2. Approve Resolution 2018-40 pursuant to California Department of Transportation joint policy guidelines for special events on state rights of ways in order to obtain an annual special events encroachment permit.

BACKGROUND:

In honor of our veterans who preserved our freedom with their lives, Stanton holds an annual Veterans Day Ceremony at Veterans Memorial Park on November 11th each year. The ceremony includes the closure of Katella Avenue as seating is placed on the asphalt of Katella Avenue to provide an adequate space for the ceremony. The closure also eliminates the noise of passing traffic that disrupts the integrity of the ceremony.

In order to close the westbound traffic, traffic control is required at the intersection of Katella Avenue and Beach Boulevard. Caltrans requires that the City apply for an encroachment permit in order to proceed with the traffic control on Beach Boulevard. In years past the resolution was not required as part of the permit process.

ANALYSIS/JUSTIFICATION:

Caltrans requires any local jurisdiction to obtain an encroachment permit for any special event performed within their right of way. In order to obtain an encroachment permit, one of the requirements is to attach a resolution where the City Council authorizes city staff to obtain a permit for the event.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

This project is categorically exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(5) – Organizational or administrative activities of governments that will not result in direct or indirect physical change in the environment.

LEGAL REVIEW:

The City Attorney has reviewed the resolution.

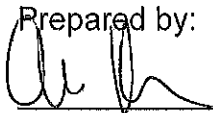
PUBLIC NOTIFICATION:

None.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

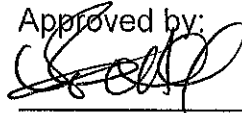
3 - Provide a quality infrastructure.

Prepared by:



Allan Rigg, PE AICP
Director of Public Works

Approved by:



Bob Hall
Interim City Manager

Attachment:

(1) Resolution 2018-40

RESOLUTION NO. 2018-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CA REQUESTING THE DEPARTMENT OF TRANSPORTATION ISSUE AN ENCROACHMENT PERMIT FOR A PARTIAL ROAD CLOSURE OF KATELLA AVENUE FOR THE VETERANS DAY CEREMONY SPECIAL EVENT

WHEREAS, over the past years, the City of Stanton hosts a Veterans Day Ceremonial Event every November 11th; and

WHEREAS, said event is held at Veterans Memorial Park prompting the closure of Katella Avenue west of Beach Boulevard to Western Avenue and traffic control is required on Beach Boulevard within the State's right-of-way; and

WHEREAS, in order for the event to be held, the City Council's permission is required pursuant to the California Department of Transportation Joint Policy Guidelines for Special Events on State Rights of Ways.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AS FOLLOWS:

1. The City Council finds this Resolution is exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(5) as organizational or administrative activities of governments that will not result in direct or indirect physical change in the environment.
2. The City Council request the Department of Transportation issue an encroachment permit for the closure of Katella Avenue west of Beach Boulevard on Veterans Day for the special event.
3. Direct staff to apply for all documentation to obtain the permit.
4. This Resolution shall become effective upon the date of its adoption.

ADOPTED, SIGNED AND APPROVED this 25th day of September, 2018.

DAVID J. SHAWVER, MAYOR

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, Patricia Vazquez, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2018-40 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on September 25, 2018, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA VAZQUEZ, CITY CLERK

CITY OF STANTON

REPORT TO CITY COUNCIL & STANTON HOUSING AUTHORITY

TO: Honorable Mayor and City Council

DATE: September 25, 2018

SUBJECT: JOINT PUBLIC HEARING – MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433, ADOPTING THE RELATED SUMMARY REPORT AND APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH TINA PACIFIC I HOUSING PARTNERS, L.P

REPORT IN BRIEF:

The Housing Authority owns certain parcels in the Tina Pacific neighborhood and is in the process of acquiring additional parcels. If approved, this Disposition and Development Agreement will provide for the potential acquisition of the additional parcels and the sale of all the parcels owned by the Housing Authority to Tina Pacific I Housing Partners, LP, for the design and construction of an eighty-three (83) unit affordable housing development.

RECOMMENDED ACTION:

1. Conduct a public hearing; and
2. Declare that the action is not a project is exempt from the California Environmental Quality Act ("CEQA") under Section 15060(c)(3) and 15378(b); and
3. Approve Resolution Number 2018-41, making certain findings pursuant to Health and Safety Code 33433, adopting the Summary Report prepared pursuant to Health and Safety Section 33433, approving the sale of certain real property located at 8911, 8931, 8941, 8951, 8910, 8920, 8930, 8940, 8950, and 8970 Pacific Ave. (APN's: 126-481-22, 20, 19, 18, and 126-482-09, 10, 11, 12, 13, and 15) and 8930, 8940, 8950, 8960, 8970 Tina Way (APN 126-481-11, 12, 13, 14, 15) and, if acquired by the Housing Authority, the sale of 8910, 8920 Tina Way (APN: 126-481-09, 10); 8921, 8961, 8971 Pacific Ave. (APN: 126-481-21, 17, 16) and 8960 Pacific Ave. (APN: 126-482-14) to Tina Pacific I Housing Partners, LP, by the Stanton Housing Authority through the Disposition and Development Agreement; and
4. Authorize the Executive Director to execute any necessary documents to facilitate the sale of the property.

BACKGROUND/ANALYSIS:

As part of the adopted 2017 Strategic Plan, there are a number of implementation items identified under each of the six overarching goals. To accomplish a number of these goals, the City may need to leverage State representatives, outside agencies, or apply for grant funding. Townsend Public Affairs was contracted to assist the City in these efforts.

A number of achievements were made in the first year of Townsend's contract. To continue making progress on the Strategic Plan and maintain assistance on the state level advocacy, it is proposed to extend Townsend's contract for a period of one year, while maintaining the same monthly rate.

ANALYSIS/JUSTIFICATION:

The former Stanton Redevelopment Agency ("Agency") was the owner of sixteen (16) real properties located in the Tina Pacific development in City of Stanton, consisting of seven (7) properties currently occupied by tenants and nine (9) properties that are unoccupied and on which the improvements have already been demolished (collectively, the "Authority Properties"):

- 8911 Pacific Avenue
- 8930 Pacific Avenue
- 8931 Pacific Avenue
- 8940 Pacific Avenue
- 8941 Pacific Avenue
- 8950 Pacific Avenue
- 8951 Pacific Avenue
- 8930 Tina Way
- 8940 Tina Way
- 8950 Tina Way
- 8960 Tina Way
- 8970 Tina Way
- 8901 Pacific Avenue
- 8910 Pacific Avenue
- 8920 Pacific Avenue
- 8970 Pacific Avenue

Pursuant to Health and Safety Code Section 34172, the Agency was dissolved on February 1, 2012, and the Agency's housing functions and assets, including the Authority Properties, were transferred to the Housing Authority ("Authority") pursuant to Health and Safety Code Section 34176. The transfer of the Authority Properties from the dissolved Agency to the Authority was approved on the Housing Asset Transfer form submitted to and approved by the California Department of Finance.

Additionally, the Authority is in the process of negotiating the acquisition of eight (8) properties also located in the Tina Pacific development ("Acquisition Properties") which include:

- 8900 Tina Way
- 8910 Tina Way
- 8920 Tina Way
- 8900 Pacific Avenue
- 8921 Pacific Avenue
- 8960 Pacific Avenue
- 8961 Pacific Avenue
- 8971 Pacific Avenue

The Authority Properties and Acquisition Properties are located adjacent to one another, and are collectively referred to as the "Properties." The Properties are generally located at Magnolia Ave. to the east, Sherrill St. to the west, an alleyway south of Pacific Ave. to the south, and Tina Way to the north.

The Agency and now the Authority has been in negotiations with Tina Pacific I Housing Partners, LP, a single purpose entity created by The Related Companies ("Developer") for the development of the site as affordable housing.

Developer desires to construct the Tina Pacific Neighborhood Revitalization Phase I project on the Properties consisting of an eighty-three (83) unit residential development that would include the new construction of fifty (50) two bedroom units, one of which will be occupied by an on-site property manager, and thirty-three (33) three bedroom units that are rented to low income households (the "Project"). The Disposition and Development Agreement ("DDA") provides for the potential acquisition of the Acquisition Properties and subsequent conveyance of the Properties to Developer to facilitate the development of the Project, subject to Developer securing the financing necessary for the development of the Project. The DDA commits the Developer to maintain eighty-two (82) of the units as affordable housing units that will be rented in accordance with the terms of the Regulatory Agreement and one (1) two bedroom unit as an unrestricted manager's unit.

As the Project will be assisted by the Authority in its role as the housing successor to the Agency, the Authority is subject to new regulations, including Senate Bill 341 ("SB 341"), which requires that 30% of the Authority's funds received pursuant to the redevelopment dissolution law be spent for development of rental housing affordable to and occupied by households earning 30% or less of area median income ("AMI") and no more than 20% of the funds may be spent for the development of housing affordable to and occupied by households earning between 60% and 80% AMI. Further, SB 341 requires that California Department of Housing and Community Development ("HCD") maximum income and rent limits apply to the Project. As such, the Project will be subject to the most restrictive calculation of maximum tenant income and affordable rent between HCD and the California Tax Credit Allocation Committee ("TCAC") programs. It is anticipated the units will be restricted as follows:

- (i) 21 units are restricted at 30% HCD/TCAC AMI,
 - (ii) 9 units are restricted at 45% HCD/TCAC AMI,
 - (iii) 33 units are restricted at 50% HCD/TCAC AMI, and
 - (iv) 19 units are restricted at 60% HCD/TCAC AMI.
- One manager's unit will be provide free of charge.

Because the Project is contingent upon the future acquisition of additional parcels, the DDA provides that the Parties will pursue the acquisition but, if the Acquisition Properties are not acquired, the Parties will meet to consider how to revise the Project. The DDA does not commit that the Project will proceed as proposed.

To finance the Project, the DDA provides for a residual receipts loan of approximately twenty million one hundred twenty eight thousand eight hundred sixty two dollars

(\$20,128,862) made by Authority to Developer from Authority's affordable housing funds. The loan is intended to assist the Developer in acquiring and developing the Project on the Properties and to insure restrictive covenants providing that the Project be held at an affordable rent for fifty-five (55) years. The terms and conditions of the DDA, provide for, among other things, the Authority loan to be secured by a subordinate deed of trust against the property and for the loan to be repaid by Developer solely from specified residual receipts from the operation of the Project. The Developer is to make annual payments on the Authority loan from certain net Project revenues, once the Project is completed and operational, to the extent there are such revenues.

FISCAL IMPACT:

The Authority anticipates expending approximately twenty million one hundred twenty eight thousand eight hundred sixty two dollars (\$20,128,862) in the Authority loan to the developer. The Loan amount includes funds previously expended to acquire the Authority Properties in the amount of \$9,578,554.00.

ENVIRONMENTAL IMPACT:

Authority staff has determined that the approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act of 1970 (CEQA), as amended, and the Guidelines promulgated thereunder. Specifically, the Authority's approval of the Agreement would not constitute approval by the Authority or City of any development of the Properties or of other activity on the Properties that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).) Moreover, Developer's future use or development of the Properties is expressly conditioned on CEQA compliance. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. (Pub. Resources Code, § 21002.)

PUBLIC NOTIFICATION:

In accordance with California Health and Safety Code Section 33433, a public notification of the hearing date, along with the following documents have been available for public inspection and copying, during regular business hours, at the City of Stanton City Clerk's Office, 7800 Katella Ave, Stanton California 90680 and the Stanton Community Services Center at 11822 Santa Paula St., Stanton California 90680:

1. A copy of the proposed Agreement; and
2. A summary which describes and specifies all the following:
 - a. The cost of the Agreement to the Agency;
 - b. The estimated value of the Property, determined at the highest and best uses permitted under the Redevelopment Plan; and
 - c. The estimated value of the Property, determined at the use and with the conditions, covenants and development costs required by the Agreement;

- d. The purchase price of the Property and an explanation of the difference between the purchase price and the fair market value of the Property, if any; and
- e. An explanation of the reasons the Agreement will assist in the elimination of blight in the Redevelopment Project Area.

Public notice for this item was also circulated in a paper of general circulation, the OC News, for a period of three weeks, with publishing dates of September 7th, 14th, and 19th of 2018, and made available through the regular agenda process.

STRATEGIC PLAN:

2.4 – Complete Housing Authority Property Disposition for Tina/Pacific

Prepared By:



Kelly Hart
Community & Economic
Development Director

Approved by:



Robert W. Hall
Interim City Manager

Attachment:

- A. Joint Resolution approving the 33433 Report, making certain findings and approving the Disposition and Development Agreement
- B. Draft Disposition and Development Agreement
- C. Draft Regulatory Agreement
- D. Health and Safety Code 33433 Report

RESOLUTION NO. 2018-41

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AND THE STANTON HOUSING AUTHORITY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH TINA PACIFIC 1 HOUSING PARTNERS, A LIMITED PARTNERSHIP, FOR PROPERTIES LOCATED AT 8911, 8931, 8941, 8951, 8910, 8920, 8930, 8940, 8950, AND 8970 PACIFIC AVE. (APN's: 126-481-22, 20, 19, 18, AND 126-482-09, 10, 11, 12, 13, AND 15) AND 8930, 8940, 8950, 8960, 8970 TINA WAY (APN 126-481-11, 12, 13, 14, 15) AND, IF ACQUIRED BY THE HOUSING AUTHORITY, THE SALE OF 8910, 8920 TINA WAY (APN: 126-481-09, 10); 8921, 8961, 8971 PACIFIC AVE. (APN: 126-481-21, 17, 16) AND 8960 PACIFIC AVE. (APN: 126-482-14) AND MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33433 IN CONNECTION WITH THE SALE OF PROPERTY FORMERLY OWNED BY THE STANTON REDEVELOPMENT AGENCY

WHEREAS, the Stanton Redevelopment Agency ("Agency") was engaged in activities to execute and implement the Redevelopment Plan for the Project Area pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, et seq.) ("CRL"); and

WHEREAS, the Agency was dissolved pursuant to AB 1X 26 and its housing assets were transferred to the Stanton Housing Authority; and

WHEREAS, the following properties:

- 8911 Pacific Avenue
- 8930 Pacific Avenue
- 8931 Pacific Avenue
- 8940 Pacific Avenue
- 8941 Pacific Avenue
- 8950 Pacific Avenue
- 8951 Pacific Avenue
- 8930 Tina Way
- 8940 Tina Way
- 8950 Tina Way
- 8960 Tina Way
- 8970 Tina Way
- 8901 Pacific Avenue
- 8910 Pacific Avenue
- 8920 Pacific Avenue
- 8970 Pacific Avenue

were transferred by the Agency to the Housing Authority and are now being disposed of for the development of affordable housing:

WHEREAS, the Housing Authority has negotiated a Disposition and Development Agreement ("Agreement") with Tina Pacific I Housing Partners, LP ("Developer") for the disposition of the Property to the Developer and development of the Property with an 83 unit apartment development consisting of 82 affordable units and 1 onsite managers unit ("Project"), a copy of which is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, pursuant to Government Code Section 65402, the City Planning Commission has determined that the Project is in conformance with the City's General Plan; and

WHEREAS, the Agreement implements the goals and objectives of the former Agency, the Housing Authority, and the City for the development of the Project on the Property, which will benefit the economic development needs of the City and assist the Agency in eliminating blight as set forth in the Redevelopment Plan and CRL and produce needed affordable housing; and

WHEREAS, the City has determined that implementation of the Agreement: (i) is in the best interest of the City, the Housing Authority, the former Agency and the health, safety and welfare of the City's taxpayers and residents and is in accordance with the public purposes set forth in the Redevelopment Plan and CRL; (ii) strengthens the City's land use and social structure; (iii) alleviates economic and physical blight in the City; and (iv) provides clean, safe, and sanitary affordable housing, and

WHEREAS, pursuant to CRL Section 33433, before any property of the Agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold for development pursuant to the redevelopment plan, the agreement shall first be approved by the legislative body by resolution after public hearing; and

WHEREAS, pursuant to CRL Section 33433, the Housing Authority, standing in the place of the Agency, may, with the consent of the City Council, approve the sale of the Property to the Developer for development of the Project in accordance with the Agreement if the City Council makes certain findings following a noticed public hearing; and

WHEREAS, the Housing Authority has prepared, and the City Council has reviewed and considered, a summary pursuant to CRL Section 33433 ("Summary") setting forth: (1) the cost of the Agreement to the Agency; (2) the estimated value of the interest to be conveyed; and (3) an explanation of how the acquisition and conveyance of the Property will assist in the elimination of blight within the Project Area and has made the Summary available for public inspection in accordance with CRL Section 33433; and

WHEREAS, on September 7, 14, and 19, 2018, a notice of a public hearing was published in the OC News a newspaper of general circulation within the City and Housing Authority territorial jurisdiction; and

WHEREAS, a duly noticed joint public hearing on the proposed Project and the proposed Agreement was held; and

WHEREAS, the Housing Authority is the lead agency concerning the Project pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

WHEREAS, City staff has determined that the City's approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act of 1970 (CEQA), as amended, and the Guidelines promulgated thereunder. Specifically, the Authority's approval of the Agreement would not constitute approval by the Authority or City of any development of the Properties or of other activity on the Properties that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).)

Moreover, Developer's future use or development of the Properties is expressly conditioned on CEQA compliance. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. (Pub. Resources Code, § 21002.); and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Stanton and the Stanton Housing Authority as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein.

SECTION 2. 33433 Findings. The City Council approves the Summary Report and disposition of the Property and finds and determines, based on the information made available in the Summary Report, the staff report accompanying this Resolution, the oral presentation of City staff, and all other written and oral evidence presented to the City Council at or prior to the public hearing, that:

- a. The conveyance of title in the Property to the Developer will assist in the elimination of blight by requiring development of the Project in accordance with the Agreement on the underutilized and economically stagnant Property; and
- b. The conveyance of title in the Property is consistent with the implementation plan for the Project Area; and
- c. The consideration to be paid for title in the Property by the Developer is not less than the fair market value of the Property at its highest and best use in accordance with the Redevelopment Plan.

SECTION 3. Agreement Approval. The City Council and Housing Authority approve the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director of the Authority and the City Attorney/Authority Counsel.

SECTION 4. Agreement Implementation. The City Council and Housing Authority hereby authorize and directs the City Manager/Executive Director of the Housing Authority to take any action and execute any documents necessary to implement the Agreement.

SECTION 5. CEQA. The Housing Authority determine that the approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act of 1970 (CEQA), as amended, and the Guidelines promulgated thereunder. Specifically, the Authority's approval of the Agreement would not constitute approval by the Authority or City of any development of the Properties or of other activity on the Properties that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).) Moreover, Developer's future use or development of the Properties is expressly conditioned on CEQA compliance. City shall conduct environmental review in accordance

with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. (Pub. Resources Code, § 21002.) is necessary.

SECTION 6. Notice of Exemption. The City Council and Housing Authority hereby authorizes and direct that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Orange, California, within five (5) working days following the date of adoption of this Resolution.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 8. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 25th day of September, 2018.

DAVID J. SHAWVER, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2018-41 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on September 25, 2018, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

**DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

by and between the

**STANTON HOUSING AUTHORITY,
a public body, corporate and politic,**

and

**TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership**

[Dated as of _____, for reference purposes only]

**DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (Tina Pacific Neighborhood Revitalization Phase I) (this “**Agreement**”) is dated as of _____, for reference purposes only, and is entered into by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership (“**Developer**”). Authority and Developer enter into this Agreement with reference to the following recited facts (each, a “**Recital**”):

RECITALS

A. The former Stanton Redevelopment Agency (“**Agency**”) was the owner of sixteen (16) real properties located in the City of Stanton, California, consisting of seven (7) properties currently occupied by tenants and nine (9) properties that are unoccupied and on which the improvements have already been demolished, all as more specifically described in Exhibit A-1 attached to this Agreement (collectively, the “**Authority Properties**”).

B. Pursuant to Health and Safety Code Section 34172, the Agency was dissolved on February 1, 2012, and the Agency’s housing functions and assets, including the Authority Properties, were transferred to the Authority pursuant to Health and Safety Code Section 34176. The transfer of the Authority Properties from the dissolved Agency to the Authority was approved on the Authority’s Housing Asset Transfer form submitted to and approved by the California Department of Finance.

C. The Authority is in the process of negotiating the acquisition of eight (8) properties located in the City of Stanton, California, as more specifically described in Exhibit A-2 attached to this Agreement (“**Acquisition Properties**”).

D. The Authority Properties and Acquisition Properties are located adjacent to one another, and are collectively referred to in this Agreement as the “**Properties**.” The Properties are shown on the map attached as Exhibit B to this Agreement.

E. Developer desires to construct the Tina Pacific Neighborhood Revitalization Phase I project on the Properties consisting of an eighty-three (83) unit residential development that would include the new construction of fifty (50) two bedroom units, one of which will be occupied by an on-site property manager, and thirty-three (33) three bedroom units that are rented to low income households, as more particularly described in the Scope of Development attached as Exhibit I to this Agreement (the “**Project**”).

F. Authority desires to acquire the Acquisition Properties and subsequently convey the Properties to Developer to facilitate the development of the Project, subject to Developer securing the financing necessary for the development of the Project and Developer’s commitment to maintain eighty-two (82) of the units as affordable housing units that will be rented in accordance with the terms of the Regulatory Agreement as defined in this Agreement, and one (1) two bedroom unit as an unrestricted manager’s unit.

G. As the Project will be assisted by the Authority in its role as the housing successor to the Agency, the Authority shall be subject to new regulations including Senate Bill 341 ("SB 341") which requires that 30% of the Authority's funds received pursuant to the redevelopment dissolution law be spent for development of rental housing affordable to and occupied by households earning 30% or less of area median income ("AMI") and no more than 20% of the funds may be spent for the development of housing affordable to and occupied by households earning between 60% and 80% AMI. Further, SB 341 requires that California Department of Housing and Community Development ("HCD") maximum income and rent limits apply to the Project. As such, the Project will be subject to the most restrictive calculation of maximum tenant income and affordable rent between HCD and the California Tax Credit Allocation Committee ("TCAC") programs.

H. The Project units are proposed to be restricted, pursuant to HCD or TCAC, whichever is more restrictive, to the following affordability levels: (i) 21 units are restricted at 30% HCD/TCAC AMI, (ii) 9 units are restricted at 45% HCD/TCAC AMI, (iii) 33 units are restricted at 50% HCD/TCAC AMI, and (iv) 19 units are restricted at 60% HCD/TCAC AMI. One manager's unit will be provide free of charge.

I. Developer further intends to construct a second phase development consisting of approximately seventy-eight (78) units. This second phase will be integrated into the Project as one cohesive livable community. This Agreement does not provide for this second phase; if a second phase is desired, Developer and Authority will negotiate, in good faith, for a new Disposition and Development Agreement regarding this second phase.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE PROMISES AND COVENANTS OF AUTHORITY AND DEVELOPER SET FORTH IN THIS AGREEMENT, AUTHORITY AND DEVELOPER AGREE, AS FOLLOWS:

1. DEFINITIONS

1.1 Defined Terms. The following words, terms and phrases are used in this Agreement with the following meanings, unless the particular context of usage of a word, term or phrase requires another interpretation:

1.1.1 **Acquisition Properties.** That certain real property consisting of eight (8) parcels located within the City of Stanton, County of Orange, State of California, as more specifically described in the legal description in Exhibit A-2 attached to this Agreement, which is incorporated into this Agreement by this reference.

1.1.2 **Affiliate.** Any other Person, directly or indirectly, Controlling or Controlled by or under common Control with the specified Person.

1.1.3 **Agreement.** This Disposition and Development Agreement (Tina Pacific).

1.1.4 **Application.** Any agreement, application, certificate, document, or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, certificate of occupancy, utility service or

hookup, easement, covenant, condition, restriction, subdivision, or such other instrument as Developer may reasonably request for the Project; or (b) to enable Developer to seek any Approval or to use and operate the Project in accordance with this Agreement and the Regulatory Agreement.

1.1.5 **Approval.** Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law to commence, perform, or complete the Construction of the Project.

1.1.6 **Authority.** The Stanton Housing Authority, a public body, corporate and politic.

1.1.7 **Authority Loan.** A residual receipts loan of approximately twenty million one hundred twenty eight thousand eight hundred sixty two dollars (\$\$20,128,862) made by Authority to Developer from Authority's affordable housing funds, in order to assist the Developer in acquiring and developing the Project on the Properties and to insure restrictive covenants providing that the Project be held at an affordable rent for fifty-five (55) years. The Authority Loan shall repay the Authority for funds expended prior to the Close of Escrow by the Authority in furtherance of the Project prior to the close of escrow as described on Exhibit "N".

1.1.8 **Authority Note.** A promissory note made by Developer in favor of Authority in substantially the form of Exhibit G attached to this Agreement evidencing the Authority Loan.

1.1.9 **Authority Parties.** Collectively, Authority, its governing body, elected officials, employees, agents and attorneys.

1.1.10 **Authority Party.** Individually, Authority, its governing body, elected officials, employees, agents or attorneys.

1.1.11 **Authority Properties.** That certain real property owned by the Authority and consisting of sixteen (16) parcels located within the City of Stanton, County of Orange, State of California, as more specifically described in the legal description in Exhibit A-1 attached to this Agreement, which is incorporated into this Agreement by this reference.

1.1.12 **Automobile Liability Insurance.** Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used by the Developer regarding the Project, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, conditioned or delayed.

1.1.13 **Bankruptcy Law.** Title 11, United States Code, and any other or successor State or Federal statute relating to assignment for the benefit of creditors, appointment

of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.1.14 **Bankruptcy Proceeding.** Any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

1.1.15 **Builder's Risk Insurance.** Builder's risk or course of construction insurance covering all risks of loss, less policy exclusions, on a completed value (non-reporting) basis, in an amount sufficient to prevent coinsurance, but in any event not less than one hundred percent (100%) of the completed value of the subject Construction, including cost of debris removal (subject to a policy sublimit), but excluding foundation and excavations. Such insurance shall also: (a) grant permission to occupy; and (b) cover, for replacement cost, all materials on or about any offsite storage location intended for use in, or in connection with, the Properties (subject to a policy sublimit).

1.1.16 **Certificate of Completion.** The written certification of Authority in substantially the form of Exhibit K attached to this Agreement that the Construction of the Project has been completed in compliance with the terms and conditions of this Agreement.

1.1.17 **CEQA.** The California Environmental Quality Act, Public Resources Code section 21000 *et seq.*

1.1.18 **CEQA Document.** Any Notice of Exemption, Negative Declaration (mitigated or otherwise) or any Environmental Impact Report (including any addendum, amendment, subsequent or supplemental document) required by any Government to issue any discretionary Approval required for the Project. CEQA Documents shall be based upon the Properties being zoned for maximum density under the City's general plan.

1.1.19 **City.** The City of Stanton, California.

1.1.20 **Claim.** Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an Indemnitor improperly fails to provide a defense for an Indemnitee, then Legal Costs of counsel retained by the Indemnitee) and any judgment.

1.1.21 **Close of Escrow.** Completion of each of the actions set forth in Section 3 by the Escrow Agent for the sale of the Properties from Authority to Developer as evidenced by recordation of the Deed in the official records of the County.

1.1.22 **Construction.** Any alteration, construction, excavation, demolition, grading, development, expansion, reconstruction, redevelopment, repair, restoration, or other work affecting the Properties, including new construction. The Parties approve Portrait Construction, Inc. as the general contractor for the Construction of the Project.

1.1.23 **Construction Financing.** One or more loans that Developer shall obtain from one or more Institutional Lenders, the proceeds of which are to be used and applied

to pay the reasonable costs of obtaining such loan(s) and either: (a) the Total Project Costs; or (b) to refinance only the outstanding amount owed under a prior loan obtained by Owner to finance the amount described in “(a)” of this Section 1.1.23 (without any other amounts). Such loan(s) shall provide for normal and customary disbursement controls for the payment of Total Project Costs and normal and customary fees and expenses for loan(s) of similar size and purpose. The Construction Financing is set forth in the Project Budget.

1.1.24 **Construction Financing Documents.** The various documents and instruments made by and between Developer and one or more Institutional Lenders that evidence or perfect the Construction Financing or the security for repayment of the Construction Financing, including any associated Security Instrument.

1.1.25 **Control.** Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of Equity Interests, by contract or otherwise.

1.1.26 **County.** The County of Orange, California.

1.1.27 **Deed.** A grant deed transferring title to the Properties from Authority to Developer in substantially the form of Exhibit E attached to this Agreement.

1.1.28 **Deed of Trust.** A subordinate deed of trust made by Developer for the benefit of Authority that pledges the Properties as collateral to secure repayment of the Authority Loan.

1.1.29 **Default.** Any Monetary Default, any Non-Monetary Default, or any Escrow Default.

1.1.30 **Default Interest.** Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.1.31 **Developer.** Tina Pacific I Housing Partners, L.P., a California limited partnership, and the successors and assigns of such limited partnership that are permitted by this Agreement.

1.1.32 **Developer Entity Documents.** The organizational documents of the entity that is Developer, including all amendments, all of which Developer shall certify as accurate and updated on the date of the Close of Escrow, and a Certificate of Good Standing from the Secretary of State of the State certifying that Developer is authorized to conduct business in the State.

1.1.33 **Developer Official Action.** The official action of the directors, managers, partners or other Persons in Control of Developer in substantially the form attached to this Agreement as Exhibit L authorizing Developer to enter into and perform this Agreement.

1.1.34 **Developer Parties.** Collectively, Developer and the directors, officers, employees, agents, shareholders, members, managers and partners of Developer.

1.1.35 **Developer Party.** Individually, Developer or the directors, officers, employees or agents, shareholders, members, managers or partners of Developer.

1.1.36 **Developer Specific Default.** Any Default that: (a) is not susceptible of cure by the holder of a Permitted Security Instrument, such as (to the extent, if any, that it actually constitutes a Default under this Agreement) any Default resulting from a Bankruptcy Proceeding affecting Developer; failure to deliver required financial information within Developer's control; (b) by its nature relates only to, or can reasonably be performed only by, Developer or its Affiliates; or (c) consists of Developer's failure to satisfy or discharge any lien, charge, or encumbrance that satisfies all of the following: (i) attaches to the Properties; (ii) is junior to the specific Permitted Security Instrument; and (iii) this Agreement prohibits.

1.1.37 **Due Diligence Investigations.** Developer's due diligence investigations of the Properties to determine the suitability of the Properties for development and operation of the Project, including, without limitation, investigations of the environmental and geotechnical suitability of the Properties, as deemed appropriate in the reasonable discretion of Developer, all at the sole cost and expense of Developer.

1.1.38 **Due Diligence Investigation Conclusion Notice.** A written notice of Developer delivered to Authority and the Escrow Agent, on or prior to the end of the Due Diligence Period, indicating Developer's acceptance of the condition of the Properties or indicating Developer's rejection of the condition of the Properties and refusal to accept a conveyance of fee title to the Properties, describing in reasonable detail the actions that Developer reasonably believes are indicated to allow Developer to accept the condition of the Properties.

1.1.39 **Due Diligence Period.** The date commencing on the Escrow Opening Date and ending at 5:00 p.m. on the ninetieth (90th) day following the Escrow Opening Date.

1.1.40 **Effective Date.** The first date on which all of the following have occurred: (a) Authority has received three (3) counterpart originals of this Agreement executed by the authorized representative(s) of Developer; (b) Authority has received a certified copy of the Developer Official Action executed by the authorized representative(s) of Developer; (c) after all required notices and hearings, this Agreement is approved by the governing board of Authority; and (d) this Agreement is executed by the authorized representative(s) of Authority. Authority shall send Notice of the Effective Date to Developer within seven (7) days following the Effective Date. Developer shall sign and return a copy of such Notice to Authority within seven (7) days after receipt of such Notice.

1.1.41 **Environmental Claim.** Any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including Legal Costs and fees and costs of environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Law or Hazardous Substance Discharge.

1.1.42 **Environmental Law.** Any Law regarding any of the following at, in, under, above, or upon the Properties: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, remediation, control, disposal, generation, storage, release, discharge, transportation, use of, or liability or standards of conduct concerning, Hazardous Substances.

1.1.43 **Equity Interest.** All or any part of any direct or indirect equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest in a limited liability company, or other interest of an ownership or equity nature) in any entity, at any tier of ownership, that directly or indirectly owns or holds any ownership or equity interest in a Person.

1.1.44 **Escrow.** An escrow, as defined in Civil Code Section 1057 and Financial Code Section 17003(a), that is conducted by the Escrow Agent with respect to the sale of the Properties from Authority to Developer, pursuant to this Agreement.

1.1.45 **Escrow Agent.** Old Republic Title Company, or such other Person mutually agreed upon in writing by both Authority and Developer.

1.1.46 **Escrow Agent Consent.** The Escrow Agent's consent to acting as Escrow Agent under this Agreement, in substantially the form of Exhibit C attached to this Agreement.

1.1.47 **Escrow Closing Date.** Subject to extension due to Enforced Delay pursuant to Section 8.5, on or before the fifth (5th) Business Day following the Escrow Agent's receipt of written confirmation from both Authority and Developer of the satisfaction or waiver of all conditions precedent to the Close of Escrow, which shall occur no later than June 30, 2023.

1.1.48 **Escrow Default.** The unexcused failure to submit any document or funds to the Escrow Agent as reasonably necessary to close the Escrow, after all other conditions precedent to the Close of Escrow for the benefit of such Party are satisfied or waived by such Party.

1.1.49 **Escrow Opening Date.** The date set forth in Section 3.1.

1.1.50 **Executive Director.** The Executive Director for Authority or his or her designee or successor in function.

1.1.51 **Event of Default.** The occurrence of any one or more of the following:

(a) *Monetary Default.* A Monetary Default that continues for fifteen (15) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

(b) *Escrow Closing Default.* An Escrow Default that continues for seven (7) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the document or funds not submitted;

(c) *Bankruptcy or Insolvency.* Developer admits in writing that it is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within one hundred twenty (120) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Developer's assets or Developer's interest in this Agreement (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within one hundred twenty (120) days);

(d) *Transfer.* The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of the terms and conditions of this Agreement; or

(e) *Non-Monetary Default.* Any Non-Monetary Default, other than those specifically addressed in Section 1.1.51(c) that is not cured within thirty (30) days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the effective date of such Notice, if the Party alleged to be in Default does not do all of the following: (a) within thirty (30) days after Notice of such Non-Monetary Default, advise the other Party of the intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (c) complete such cure within a reasonable time under the circumstances.

1.1.52 Final. Relative to any Approval or CEQA Document, when all administrative appeal periods regarding such matter have expired, all administrative appeals or challenges regarding such matter (if any) have been resolved to both Authority's and Developer's reasonable satisfaction, all statutory periods for challenging such matter have expired, all litigation or other proceedings (if any) challenging any such matter have been resolved to the reasonable satisfaction of both Authority and Developer, all appeal periods relating to any such litigation or other proceedings have expired, all referendum periods regarding such matter have expired and all referenda regarding such matter (if any) have been resolved to both Authority's and Developer's reasonable satisfaction.

1.1.53 Final Construction Drawings. The final Construction drawings and specifications and finish grading and landscape plans for the Project prepared by Developer.

1.1.54 FIRPTA Certificate. A certification that Authority is not a "foreign person" within the meaning of such term under Section 1445 of the United States Internal Revenue Code and sufficient to exempt Developer from the obligation to withhold any funds from Authority pursuant to Section 1445 of the United States Internal Revenue Code.

1.1.55 Foreclosure Event. Any transfer of title to all or any of the Properties following the Close of Escrow through any: (a) judicial or non-judicial foreclosure; (b) trustee's sale; (c) deed, transfer, assignment, or other conveyance in lieu of foreclosure; (d) other similar exercise of rights or remedies under any Security Instrument; or (e) transfer by operation of or through any Bankruptcy Proceeding (including an auction or plan of reorganization in any

Bankruptcy Proceeding and any Bankruptcy Sale), in each case (“(a)” through “(e)”) whether the transferee is a Lender, a Person claiming through a Lender, or a Third Person.

1.1.56 **Form 593.** A California Franchise Tax Board Form 593-C.

1.1.57 **General Escrow Instructions.** The Escrow Agent’s general escrow instructions.

1.1.58 **Government.** Each and every governmental agency, city, bureau, department, quasi-governmental body, or other entity or instrumentality having or claiming jurisdiction over the Properties (or any activity this Agreement allows), including the government of the United States of America, the State and County governments and their subdivisions and municipalities, including the City, the Authority and all other applicable governmental agencies, authorities, and subdivisions thereof. “Government” shall also include any planning commission, board of standards and appeals, department of buildings, city council, zoning board of appeals, design review board or committee or similar body having or claiming jurisdiction over the Properties or any activities on or at the Properties.

1.1.59 **Hazardous Substance.** Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as “hazardous substances” pursuant to 33 U.S.C. § 1321; (c) defined as a “hazardous waste” under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*, as amended; (d) defined as a “hazardous substance” or “hazardous waste” under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, *et seq.*, or any so-called “superfund” or “superlien” law; (e) defined as a “pollutant” or “contaminant” under 42 U.S.C. § 9601(33); (f) defined as “hazardous waste” under 40 C.F.R. Part 260; (g) defined as a “hazardous chemical” under 29 C.F.R. Part 1910; (h) any matter within the definition of “hazardous substance” set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act (“TSCA”) [15 U.S.C. Sections 2601, *et seq.*]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; (k) those substances listed in the United States Department of Transportation (DOT)Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code; (n) any substance defined as a “hazardous substance” in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or

become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material. Notwithstanding the foregoing, "Hazardous Substances" shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.1.60 **Hazardous Substance Discharge.** Any deposit, discharge, generation, release, or spill of a Hazardous Substance that occurs at on, under, into or from the Properties, or during transportation of any Hazardous Substance to or from the Properties, or that arises at any time from the Construction, installation, use or operation of the Project or any activities conducted at on, under or from the Properties, whether or not caused by a Party.

1.1.61 **Indemnify.** Where this Agreement states that any Indemnitor shall "indemnify" any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). "**Indemnified**" shall have the correlative meaning.

1.1.62 **Indemnitee.** Any Person entitled to be Indemnified under the terms of this Agreement.

1.1.63 **Indemnitor.** A Party that agrees to Indemnify any other Person under the terms of this Agreement.

1.1.64 **Institutional Lender.** Any of the following: (a) a bank (California, Federal or foreign), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (California or Federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), Federal or California agency regularly making or guaranteeing mortgage loans, investment bank, a Fortune 500 company or a subsidiary of a Fortune 500 company; or (b) any Person that is an Affiliate of or is a combination of any one or more of the Persons described in "(a)" of this Section.

1.1.65 **Insurance Documents.** Copies of insurance policies and endorsements evidencing all insurance coverage required to be obtained by Developer pursuant to Section 5.

1.1.66 **Law.** Every law, ordinance, requirement, order, proclamation, directive, rule, and regulation of any Government applicable to the Properties or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Properties or the Project, or relating to any taxes, or otherwise relating to this Agreement or any Party's rights, obligations or remedies under this Agreement, or any Transfer of any of the foregoing, whether in force on the Effective Date or

passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

1.1.67 **Legal Costs.** In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses and consultant and expert witness fees and expenses.

1.1.68 **Lender.** The holder of any Security Instrument and its successors and assigns.

1.1.69 **Liability Insurance.** Commercial general liability insurance against claims for bodily injury, personal injury, death or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Ten Million Dollars (\$10,000,000) combined single limit and Five Million Dollars (\$5,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.1.70 **Monetary Default.** Any failure by either Party to pay or deposit, when and as this Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Agreement, whether to or with a Party or a Third Person.

1.1.71 **Non-Monetary Default.** The occurrence of any of the following, except to the extent constituting a Monetary Default or an Escrow Default: (a) any failure of a Party to perform any of its obligations under this Agreement; (b) any failure of a Party to comply with any material restriction or prohibition in this Agreement; or (c) any other event or circumstance that, with passage of time or giving of Notice, or both, or neither, would constitute a breach of this Agreement by a Party.

1.1.72 **Notice.** Any consent, demand, designation, election, notice, or request relating to this Agreement, including any Notice of Default. All Notices must be in writing.

1.1.73 **Notify.** To give a Notice.

1.1.74 **Notice of Agreement.** A notice of the applicability of this Agreement to the Properties in substantially the form of Exhibit J attached to this Agreement to be recorded against the Properties at the Close of Escrow.

1.1.75 **Notice of Completion.** The Notice described in and ascribed the same name in California Civil Code Section 3093.

1.1.76 **Notice of Default.** Any Notice claiming or giving Notice of a Default or alleged Default.

1.1.77 **Parties.** Collectively, Authority and Developer.

1.1.78 **Party.** Individually, either Authority or Developer, as applicable.

1.1.79 **Permanent Loan.** Any loan that the Developer shall obtain from an Institutional Lender, the proceeds of which are to be used and applied solely to pay: (1) the reasonable costs of obtaining such loan; (2) the then current outstanding principal and interest under Construction Financing; and (3) any reasonable and customary fees or charges of the Institutional Lender providing the Construction Financing relating to pay-off of the Construction Financing. The Permanent Loan shall be sized with a minimum debt coverage ratio of 1.20.

1.1.80 **Permitted Encumbrance.** Any Permitted Security Instrument, the TCAC Regulatory Agreement, the Regulatory Agreement, the Notice of Agreement, the Deed of Trust, utility easements directly related to the Project, a reciprocal easement agreement between Phase I and any future phase of the Project, if any, a Permanent Loan, a Refinancing and any other document required or expressly allowed to be recorded against the Properties by the express terms of this Agreement.

1.1.81 **Permitted Exceptions.** All of the following: (a) all items shown in Schedule B of the Preliminary Report, as exceptions to coverage under the proposed Title Policy, that are approved by Developer pursuant to Sections 2.4; (b) any exceptions from coverage under the proposed Title Policy; (c) any lien for non-delinquent property taxes or assessments; (d) any Laws applicable to the Properties; (e) this Agreement; (f) the Notice of Agreement; (g) the Regulatory Agreement; (h) the Deed of Trust; (i) any Permitted Security Instrument; (j) any existing improvements on the Properties; (k) the TCAC Regulatory Agreement; (l) any encumbrance recorded against the Properties with Developer's consent or as a result of the activities of Developer; and (m) any other document or encumbrance expressly required or allowed to be recorded against the Properties or the Project under the terms of this Agreement.

1.1.82 **Permitted Lender.** The holder of any Permitted Security Instrument.

1.1.83 **Permitted Security Instrument.** Any Security Interest: (a) that encumbers only the Properties or any interest in the Properties; (b) that is held by a Lender that is an Institutional Lender, subject to the jurisdiction of the courts of the State, not immune from suit and cannot elect to be immune from suit; and (c) only secures: (i) the repayment of money used to pay or reimburse the Total Project Costs; (ii) Permanent Loan; (iii) a delivery assurance fee regarding a Permanent Loan that is refundable to Developer at the close of the Permanent Loan; or (iv) any Refinancing. Promptly after execution, Developer shall promptly delivery a copy of any Security Interest to the Authority, with the Lender's name and notice address.

1.1.84 **Permitted Transfer.** Any of the following types of Transfer by Developer, which, unless otherwise provided, do not require the Authority's prior written approval and where the Person to which such Transfer is made expressly assumes, in writing, all obligations of Developer under this Agreement:

(a) Any Transfer to an Institutional Lender [that is not a Prohibited Transferee]: (1) pursuant to a Permitted Security Instrument as collateral for

Construction Financing; or (2) pursuant to a Permitted Security Instrument as collateral for a Permanent Loan.

(b) Any Transfer directly resulting from the Foreclosure Event of a Permitted Security Interest for a loan from an Institutional Lender to the Project or as otherwise permitted under Section 6.7.7.

(c) The lease of residential units in the Project consistent with the Regulatory Agreements.

(d) The transfer and sale of limited partnership interests in Developer.

(e) In the event that any general partner of the Developer limited partnership is removed by the limited partner of such limited partnership for cause following default under the partnership agreement, the transfer of the general partner interest to an entity selected by the limited partner and approved by the Authority, which approval shall not be withheld unreasonably, delayed or conditioned. If the nonprofit partner is removed, the interest shall be transferred to a 501(c)(3) tax exempt nonprofit corporation.

(f) The transfer of the Project from such limited partnership to one or both of the general partners the Developer or an affiliate of or both the general partners the Developer at the end of the tax credit compliance period for the Project; and

(g) Any dilution of the General Partner's interest in the Developer in accordance with the Developer's limited partnership agreement.

1.1.85 Person. Any association, corporation, governmental entity or Authority, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.

1.1.86 Preliminary Report. A preliminary report issued by the Title Company in contemplation of the issuance of the Title Policy, accompanied by the best available copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed Title Policy. The Parties acknowledge that the Title Company may prepare one (1) or more Preliminary Reports for each parcel, or group of parcels, comprising the Properties. In such case, all reports, notices, and objection letters that pertain to the Preliminary Report for the entirety of the Properties shall apply separately to each Preliminary Report associated with a parcel or a group of parcels.

1.1.87 Prevailing Wage Action. Any of the following: (a) any determination by the State Department of Industrial Relations that prevailing wage rates should have been paid, but were not, (b) any determination by the State Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid, (c) any administrative or legal action or proceeding arising from any failure to comply with any of California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including maintaining certified payroll records pursuant to California Labor Code Section 1776,

or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity, including pursuant to California Labor Code Section 1781.

1.1.88 **Prohibited Encumbrance.** Any mortgage, lien, deed of trust, security instrument, mechanic's lien, easement or other encumbrance recorded or asserted against all or any portion of the Properties or the Project that is not a Permitted Encumbrance.

1.1.89 **Prohibited Transferee.** Any Person that Authority reasonably determines has any connection with any terrorist organization, any Person entitled to claim diplomatic immunity, any foreign governmental entity, except as reasonably approved by Authority, any Person that is immune or may elect to be immune from suit under State or Federal law, or any other Person that Authority reasonably disapproves.

1.1.90 **Project.** The development known as the Tina Pacific Neighborhood Revitalization Phase I, consisting of eighty-three (83) units with fifty (50) two bedroom units and thirty-three (33) three bedroom units in two-story stacked flats on grade, approximately 186 parking spaces, and an approximately 3,000 square foot community center with offices for management to be constructed on the Properties by Developer. Developer shall partner with either LifeSTEPS, Project Access, or equivalent to design a social service program that is targeted to resident needs. If Project includes a pre-kindergarten building, Developer shall use good faith efforts to establish a pre-K program operated and funded by the Magnolia Union Elementary School District. The Project is further described in the Project Scope of Development, the Project Plans and Specifications, and the Approvals for the Project.

1.1.91 **Project Budget.** The Total Project Costs and anticipated sources of funds to pay the Project Costs as set forth in Exhibit D attached to this Agreement.

1.1.92 **Project Commencement Date.** The date that is One Hundred Ninety-four (194) days after the date of reservation of the Tax Credits by TCAC for the Project and as reflected in the TCAC reservation of credits letter.

1.1.93 **Project Completion Date.** The date that is thirty-six (36) months following the Project Commencement Date.

1.1.94 **Project Plans and Specifications.** Plans and specifications for the Project, prepared by Developer's architect, that have received all necessary Approvals regarding Construction of the Project, shall be submitted to the Authority in both hard copy and electronic format as is customary in the architectural profession in the State. These documents shall use naming conventions and other criteria reasonably approved or required by Authority, consisting of architectural plans; elevations and sections indicating principal areas, core designs; basic structural system; minimum estimated electrical capacity and distribution system; general type of plumbing system; gross and rentable square foot analysis; and principal types of HVAC systems.

1.1.95 **Project Scope of Development.** The development project generally described in Exhibit I attached to this Agreement.

1.1.96 **Properties.** Collectively, the Authority Properties and the Acquisition Properties, as more specifically described in Exhibit A-1 and Exhibit A-2 and shown on the Map in Exhibit B.

1.1.97 **Property Information.** Any and all studies and reports prepared by or on behalf of Developer regarding the physical condition of or title to the Properties, including, without limitation, soils reports, geotechnical reports and surveys (not to include architectural plans and specifications, proprietary information, internal communications, feasibility studies, financial analyses, proformas, tax returns or any attorney-client privileged communications).

1.1.98 **Property Insurance.** Insurance providing coverage for the Properties and all improvements against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Properties; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual Gross Income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.1.99 **Purchase Price.** The Purchase Price for the Properties shall be the sum of (a) the lesser of the appraised value of or the purchase price paid by the Authority for the Authority Properties ; and (b) the lesser of appraised value or the purchase price paid by the Authority for the Acquisition Properties.

1.1.100 **Record, recorded, recording or recordation.** Recordation of the referenced document in the official records of the County.

1.1.101 **Refinancing.** Any loan secured by a Permitted Security Instrument that the Developer obtains from an Institutional Lender subsequent to recordation of the Permanent Loan for any of the following purposes: (1) to pay off all or a portion of an existing loan secured by a Permitted Security Instrument where the Lender providing the new loan will disburse loan proceeds to or on behalf of Developer exceeding the amount of principal and interest under the existing loan being paid plus the amount of any reasonable and customary fees and costs associated with obtaining such new loan that are actually paid by Developer and not rebated or refunded to Developer the aggregate amount of such fees and costs not to exceed ten percent (10%) of the original principal amount of the new loan or other amount approved by the Executive Director of the Housing Authority; (2) disbursing funds to or on behalf of Developer without paying off any existing loan secured by a Permitted Security Instrument; or (3) any loan extension, modification or equivalent regarding an existing loan to Developer secured by a Permitted Security Instrument that results in the Lender of the existing loan disbursing additional loan proceeds to or on behalf of Developer in excess of the original principal amount of the loan.

1.1.102 **Regulatory Agreement.** A Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting the Use of Property for Affordable Housing (Tina Pacific Neighborhood Revitalization Phase I) restricting the Properties for a period of fifty-five (55) years, in substantially the form of Exhibit F attached to this Agreement, which shall be recorded against the Properties.

1.1.103 **Schedule of Performance.** The schedule for the performance of certain actions by Authority and Developer pursuant to this Agreement, attached to this Agreement as Exhibit M.

1.1.104 **Security Instrument.** Any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Properties, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.1.105 **Senior.** Referring to multiple Security Instruments, the Security Instrument that is most senior in lien of the same type. Where Senior is used as a comparative term as against any specified Security Instrument, such term refers to any Security Instrument of the same type that is senior in lien to such specified Security Instrument. If only one Security Instrument of a particular type exists, then it shall be deemed the Senior Security Instrument of such type.

1.1.106 **State.** The State of California.

1.1.107 **Supplement Notice.** A Notice from Developer to both Authority and the Escrow Agent indicating Developer's objection to any exception to the title of the Properties set forth in a supplement to the Preliminary Report, describing in suitable detail the actions that Developer reasonably believes are necessary to obtain Developer's approval of the state of the title of the Properties.

1.1.108 **Supplement Notice Response.** A Notice from Authority in response to a Supplement Notice, in which Authority elects to either: (a) cause the removal from the Preliminary Report of any matter disapproved in such Supplement Notice in a manner reasonably satisfactory to Developer; (b) obtain title or other insurance in a form reasonably satisfactory to Developer insuring against the effects of any matters disapproved or conditionally approved in such Supplement Notice (Authority shall not enter into any indemnity arrangement with the Title Company regarding any matter disapproved or conditionally approved by Developer, without Developer's prior written consent); (c) otherwise satisfy Developer regarding any matter disapproved or conditionally approved in such Supplement Notice; or (d) not take any action described in either "(a)," "(b)" or "(c)" of this Section 1.1.108.

1.1.109 **Supplement Notice Waiver.** A Notice from Developer to both Authority and the Escrow Agent waiving Developer's previous disapproval or conditional approval of any matter in a Supplement Notice that Authority has not agreed to address to Developer's reasonable satisfaction in a Supplemental Notice Response.

1.1.110 **Tax Credits.** An allocation from TCAC of nine percent (9%) federal low income housing tax credits to finance a portion of the Total Project Costs, all in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, all associated Internal Revenue Service regulations and all associated TCAC regulations.

1.1.111 **Tax Credit Equity.** The equity investment contributed to the Developer by the Tax Credit Investor, in the amount set forth in the Project Budget.

1.1.112 **Tax Credit Investor.** The limited partner in Developer that provides the Tax Credit Equity for the Construction of the Project.

1.1.113 **TCAC.** The California Tax Credit Allocation Committee or successor in function.

1.1.114 **TCAC Regulatory Agreement.** The regulatory agreement required to be recorded against the Properties by TCAC to obtain the Tax Credits.

1.1.115 **Third Person.** Any Person that is not a Party, an Affiliate of a Party or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.1.116 **Title Company.** Old Republic Title Company or such other title insurance company mutually agreed upon in writing between Authority and Developer.

1.1.117 **Title and Survey Notice.** A Notice from Developer to both Authority and the Escrow Agent indicating Developer's objection to any exception to the title of the Properties set forth in the Preliminary Report and/or survey and describing in suitable detail the actions that Developer reasonably believes are necessary to obtain Developer's approval of the state of the title of the Properties.

1.1.118 **Title Notice Response.** A Notice from Authority in response to the Title and Survey Notice, in which Authority elects to either: (a) cause the removal from the Preliminary Report or correction of any matter shown on a survey of any matter disapproved in such Title and Survey Notice in a manner reasonably satisfactory to Developer; (b) obtain title or other insurance in a form reasonably satisfactory to Developer insuring against the effects of any matters disapproved or conditionally approved in such Title and Survey Notice (Authority shall not enter into any indemnity arrangement with the Title Company regarding any matter disapproved or conditionally approved by Developer, without Developer's prior written consent); (c) otherwise satisfy Developer regarding any matter disapproved or conditionally approved in such Title and Survey Notice; or (d) not take any action described in either "(a)," "(b)" or "(c)" of this Section 1.1.118.

1.1.119 **Title Notice Waiver.** A Notice from Developer to both Authority and the Escrow Agent waiving Developer's previous disapproval or conditional approval of any matter in the Title and Survey Notice that Authority has not agreed to address to Developer's reasonable satisfaction in the Title Notice Response.

1.1.120 **Title Policy.** An extended coverage (ALTA) owner's policy of title insurance issued by the Title Company, with coverage in the amount of the anticipated insurable Total Project Costs (including, without limitation, acquisition costs) and insuring fee title to the Properties vested in Developer, subject to the Permitted Exceptions.

1.1.121 **Total Project Costs.** All of the costs set forth in the Project Budget attached as Exhibit D attached to this Agreement.

1.1.122 **Transfer.** Regarding any property, right or obligation means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect: (a) any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance); (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect Equity Interest(s) in the owner of such property, right or obligation by the holders of such Equity Interest(s), (other than (i) removal of one or more general partners of Developer in accordance with Developer's limited partnership agreement as in effect from time to time, (ii) an assignment by Developer's limited partner to an Affiliate, or the admission or transfer of interests within Developer's limited partner, and (iii) the admission of a managing general partner in Developer owned and/or controlled by Affordable Housing Access, Inc. or another California nonprofit corporation); (c) any transaction described in "b" affecting any Equity Interest(s) or any other interest in such property, right or obligation or in any such owner (or in any other direct or indirect owner at any higher tier of ownership) through any manner or means whatsoever (other than as set forth in the parenthetical at the end of subsection (b)); or (d) any transaction that is in substance equivalent to any of the foregoing. A transaction affecting Equity Interests, as referred to in clauses "b" through "d," shall be deemed a Transfer by the Developer even though the Developer is not technically the transferor. A "Transfer" shall not, however, include any of the following (provided that the other Party has received Notice of such occurrence) relating to the Properties and/or any Equity Interest: (i) a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under federal income tax law and the State real estate transfer tax; (ii) a conveyance only to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit; (iii) a conveyance only to any Person that, as of the Effective Date, holds an Equity Interest in the entity whose Equity Interest is being transferred; (iv) the original sale of Equity Interests in Developer; or (v) a conveyance only to an Affiliate of Developer.

1.1.123 **Usury Limit.** The highest rate of interest, if any, that Law allows under the circumstances.

1.1.124 **Waiver of Subrogation.** A provision in, or endorsement to, any insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against either Party to this Agreement for any loss such policy covers.

1.1.125 **Workers Compensation Insurance.** Workers compensation insurance complying with the provisions of State law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of Developer.

2. **CONVEYANCE OF PROPERTIES**

2.1 Acquisition Properties.

2.1.1 **Negotiations with Owners.** As of the Effective Date, neither Authority nor Developer own any portion of or interest in the Acquisition Properties. Authority shall use its best efforts to acquire the Acquisition Properties directly from the current Acquisition Properties owners by negotiated purchase. If Authority is unable to negotiate the purchase of the Acquisition Properties between itself and the Acquisition Properties owners, Authority may consider initiating eminent domain proceedings to acquire the Acquisition Properties, subject to and in accordance with this Section 2.1. If the Authority fails to acquire the Acquisition Properties by December 31, 2020, the Parties will meet and confer to discuss alternative deal structures. If the Parties cannot agree on an alternative deal structure within ninety (90) days, either party may terminate this Agreement.

2.1.2 **Escrow for Acquisition Properties.** Developer shall not be a party to any agreement or escrow pertaining to Authority's acquisition of the Acquisition Properties and no instruction of Developer to the Escrow Agent regarding Authority's acquisition of the Acquisition Properties shall have any force or effect as to Authority or the Escrow Agent in the Acquisition Properties transaction. As more fully set forth in Section 3, Authority and Developer shall open a separate Escrow with the Escrow Agent through which Developer shall purchase the Acquisition Properties from Authority following Authority's acquisition of title to the Acquisition Properties.

2.1.3 **Eminent Domain Proceedings.**

(a) *Consideration of Resolution of Necessity.* Subject to the limitations on Authority's power of eminent domain now existing or enacted in the future, and to the extent that Authority is unable to acquire the Acquisition Properties through negotiation with the Acquisition Properties owners and the Executive Director determines that either: (i) Authority's offer with respect to the Acquisition Properties has been rejected; or (ii) further discussion, negotiation or modification of a pending Authority offer regarding the Acquisition Properties is unlikely to be accepted by the Acquisition Properties owners, Authority shall schedule and hold a hearing to consider adoption of a resolution of necessity authorizing the use of Authority's power of eminent domain to acquire the Acquisition Properties; provided, however, that the hearing shall not occur prior to the commencement of CEQA Document proceedings. Authority shall notify Developer of its scheduling of a hearing to consider adoption of a resolution of

necessity regarding the acquisition of the Acquisition Properties, if such a hearing is scheduled. Nothing in this Agreement shall require Authority to adopt a resolution of necessity regarding the Acquisition Properties or to acquire the Acquisition Properties by exercise of Authority's power of eminent domain. If Authority considers adoption of a resolution of necessity regarding the Acquisition Properties and does not adopt such a resolution, Authority may terminate this Agreement upon seven (7) days' Notice to Developer and the Escrow Agent, without liability to the other Parties or any other Person.

(b) *Eminent Domain Legal Counsel.* Developer acknowledges and agrees that, if Authority adopts a resolution of necessity to acquire all or a portion of the Acquisition Properties by exercise of its power of eminent domain, Authority shall be represented in any such proceeding by legal counsel of Authority's selection, in Authority's sole and absolute discretion, and Authority's legal counsel shall not represent Developer in any capacity relative to any such proceeding, nor shall Developer have any right of direction or control or any influence over the conduct of Authority or its legal counsel relative to any eminent domain proceeding to acquire all or a portion of the Acquisition Properties.

(c) *Reservation of Authority Discretion.* It is expressly acknowledged, understood and agreed by the Parties that Authority undertakes no obligation to adopt any resolution of necessity, and does not prejudge or commit to any Person regarding the findings and determinations to be made by Authority with respect to any resolution of necessity. If Authority does not elect to or is unable to acquire title or the insurable right to possession of the Acquisition Properties through exercise of its power of eminent domain or by negotiated purchase on or before December 31, 2020, the Parties shall meet and confer for ninety (90) days to discuss alternative deal structures; if no such alternative is approved by the Parties within such ninety (90) day period, either Party may terminate this Agreement. In the event of termination, neither Developer nor Authority shall be in Default under this Agreement and either Party may terminate this Agreement upon seven (7) days' Notice to the other Party, without liability to the other Party or any other Person.

2.1.4 Insufficient Funds for Acquisition Properties. In the event that Authority determines, in Authority's sole and exclusive discretion, that Authority does not have sufficient funds to purchase any or all of the Acquisition Properties, Authority shall provide Notice to Developer of the amount that Authority requires to complete the acquisition of the Acquisition Properties. Developer may, but shall not be obligated to, provide the funds necessary to complete the acquisition of the Acquisition Properties. If Authority determines that it has insufficient funds to acquire the Acquisition Properties and Developer does not provide the funds necessary for Authority to acquire the Acquisition Properties, Authority may terminate this Agreement without liability to Developer.

2.2 Escrow. Authority shall sell the Properties to Developer and Developer shall purchase the Properties from Authority, pursuant to the terms and conditions of this Agreement. For the purposes of exchanging funds and documents for Authority to sell the Properties to Developer and Developer to purchase the Properties from Authority, Authority and Developer agree to open the Escrow with the Escrow Agent. The provisions of Section 3 of this Agreement are the joint escrow instructions of the Parties to the Escrow Agent for conducting the Escrow. If requested by the Escrow Agent, Developer and Authority shall execute the General Escrow

Instructions. In the event of any conflict between the provisions of this Agreement and the General Escrow Instructions, the provisions of this Agreement shall be controlling.

2.2.1 **Independent Contract Consideration.** Upon the Effective Date of this Agreement, Developer shall deliver to Agency the sum of one hundred dollars (\$100.00) (“**Independent Contract Consideration**”), which amount has been bargained for and agreed to as adequate consideration for Developer’s right to purchase the Properties with the right to terminate this Agreement in Developer’s sole and absolute discretion during the Due Diligence Period and for Agency’s execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of all other consideration provided in this Agreement and is nonrefundable to Developer in all events.

2.3 **Purchase Price.**

2.3.1 **Purchase Price Calculation.** Within five (5) business days of the Escrow Opening Date, the parties shall meet to jointly determine three (3) third-party appraisers. The Parties shall request proposals from and shall jointly select the third-party appraiser from the proposals received. The Purchase Price of the Properties shall be the lesser of the purchase price paid by Authority for the acquisition of the Properties or the appraised value of the Properties, as determined by an appraisal conducted pursuant to this Section.

2.3.2 **Purchase Price.** Developer shall deposit funds necessary to close the transaction into Escrow, if applicable, at least one (1) business day preceding the Escrow Closing Date. The Purchase Price shall be paid from the Authority Loan and Developer shall additionally deposit the Authority Note and the Deed of Trust into Escrow at least one (1) business day preceding the Escrow Closing Date.

2.3.3 **Subordination.** The Deed of Trust may be subordinated to other loans from Institutional Lenders (in each case, a “**Senior Loan**”), but only on condition that all of the proceeds of the proposed Senior Loan, less any transaction costs, must be used to provide financing for the Project. The Permitted Security Instruments shall be junior to the Regulatory Agreement, provided that the affordability and rent restrictions in the Regulatory Agreement are not more restrictive than the TCAC Regulatory Agreement and, if so, the Regulatory Agreement shall be modified to match the TCAC Regulatory Agreement restrictions. Additionally, upon an Event of Foreclosure, the Regulatory Agreement shall be modified such that all units, except the manager unit, shall be affordable to and restricted to households making 80% of area median income. Upon a determination by the Executive Director that the condition in this Section have been reasonably satisfied, the Executive Director or his/her designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval.

2.4 **Eminent Domain.** If any portion of the Properties becomes the subject of any eminent domain proceeding prior to Close of Escrow, other than such a proceeding by the Authority, including the filing of any notice of intended condemnation or proceedings in the nature of eminent domain commenced by any Government, the Authority shall immediately give the Developer Notice of such occurrence, and the Developer shall have the option, exercisable within ten (10) Business Days after receipt of such Notice from the Authority, to either: (1)

cancel the Escrow and terminate this Agreement and the Escrow, in which case the Parties and the Escrow Agent shall proceed in accordance with Section 3.11; or (2) continue with this Agreement in accordance with its terms, in which event the Authority shall assign to the Developer any right of the Authority to receive any condemnation award attributable to the Properties.

2.5 Developer's Approval of Title to the Properties.

2.5.1 Title and Survey Notice. Within five (5) days after the Escrow Opening Date, Developer shall request the Preliminary Report from the Title Company and that the Title Company deliver a copy of the Preliminary Report to the Developer. Not less than thirty (30) days prior to the end of the Due Diligence Period the Developer shall send the Title and Survey Notice to both Authority and the Escrow Agent.

2.5.2 Failure to Deliver Title Notice. If the Developer fails to send the Title and Survey Notice to Authority and the Escrow Agent, within the time period provided in Section 2.5.1 the Developer will be deemed to approve the status of title to the Properties.

2.5.3 Title Notice Response. Within fifteen (15) days following the Authority's receipt of the Title and Survey Notice (if any), Authority shall send the Title Notice Response to both the Developer and the Escrow Agent. If the Title and Survey Notice does not disapprove or conditionally approve any matter in the Preliminary Report or the Developer fails to deliver the Title and Survey Notice, Authority shall not be required to send the Title Notice Response. If Authority does not send the Title Notice Response, if necessary, within the time period provided in this Section 2.5.3, Authority shall be deemed to elect not to take any action in reference to the Title and Survey Notice. If Authority elects in the Title Notice Response to take any action in reference to the Title and Survey Notice, Authority shall complete such action, prior to the Escrow Closing Date or as otherwise specified in the Title Notice Response.

2.5.4 Title Notice Waiver. If Authority elects or is deemed to have elected not to address one or more matters set forth in the Title and Survey Notice to the Developer's reasonable satisfaction, then within fifteen (15) days after the earlier of: (i) the Developer's receipt of the Authority's Title Notice Response or (ii) the last date for the Authority to deliver its Title Notice Response, the Developer shall either: (a) refuse to accept the title to and conveyance of the Properties, or (b) waive its disapproval or conditional approval of all such matters set forth in the Title and Survey Notice by sending the Title Notice Waiver to both Authority and the Escrow Agent. Failure by the Developer to timely send the Title Notice Waiver, where the Title Notice Response or Authority's failure to deliver the Title Notice Response results in Authority's election not to address one or more matters set forth in the Title and Survey Notice to the Developer's reasonable satisfaction, will be deemed the Developer's continued refusal to accept the title to and conveyance of the Properties, in which case both the Developer and Authority shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) days' Notice, in their respective sole and absolute discretion.

2.5.5 Disapproval of Encumbrances Securing Authority Obligations. Notwithstanding any other provision of this Agreement, the Developer disapproves any and all encumbrances against the Properties securing monetary (other than non-delinquent property

taxes) or performance obligations of Authority, or related to lease revenue bonds. All such encumbrances shall be removed from the Properties by Authority, prior to the Close of Escrow, at its sole cost and expense.

2.5.6 No Termination Liability. Any termination of this Agreement and cancellation of the Escrow pursuant to this Section 2.4 shall be without liability to the other Party or any other Person, and shall be accomplished by delivery of a Notice of termination to both the other Party and the Escrow Agent at least seven (7) days prior to the termination date, in which case the Parties and the Escrow Agent shall proceed pursuant to Section 3.11. Once a Notice of termination is given pursuant to this Section 2.4, delivery of a Title and Survey Notice or Title Notice Waiver shall have no force or effect and this Agreement shall terminate in accordance with the Notice of termination.

2.6 Due Diligence Investigations.

2.6.1 Developer shall have until the expiration of the Due Diligence Period to complete all of its Due Diligence Investigations with respect to the Properties. Developer shall complete all of its Due Diligence Investigations within the Due Diligence Period and shall conduct all of its Due Diligence Investigations at its sole cost and expense. Developer shall rely solely and exclusively upon the results of its Due Diligence Investigations of the Properties, including, without limitation, investigations regarding geotechnical soil conditions, compliance with applicable laws pertaining to the use of the Properties by Developer and any other matters relevant to the condition or suitability of the Properties for the Project, as Developer may deem necessary or appropriate. Authority does not make any representation or warranty to Developer relating to the condition of the Properties or suitability of the Properties for any intended use or development by Developer. Developer shall deliver a Due Diligence Investigation Conclusion Notice to Authority and the Escrow Agent at or prior to the end of the Due Diligence Period. If Developer does not unconditionally accept the condition of the Properties by delivery of its Due Diligence Investigation Conclusion Notice indicating such acceptance prior to the end of the Due Diligence Period, Developer shall not be deemed in default hereunder and Developer shall be deemed to have rejected the condition of the Properties and refused to accept conveyance of title to the Properties. Subject to §2.6.4 below, if the condition of the Properties is rejected or deemed rejected by Developer, then any Party shall have the right to cancel the Escrow and terminate this Agreement, in that Party's sole discretion, without liability to any Party or any other person, by delivery of a written notice of termination to all Parties and Escrow Agent. Developer shall accept all conditions of the Properties, without any liability of Authority whatsoever, upon Developer's acceptance of the condition of the Properties indicated in its Due Diligence Investigation Conclusion Notice.

2.6.2 Developer's delivery of its Due Diligence Investigation Conclusion Notice indicating the Developer's unconditional acceptance of the condition of the Properties shall evidence the acceptance of the condition of the Properties by Developer in its existing "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition. Developer's unconditional and irrevocable acceptance of the Properties in the Properties' AS IS, WHERE IS, SUBJECT TO ALL FAULTS CONDITION, WITHOUT WARRANTY AS TO QUALITY, CHARACTER, PERFORMANCE OR CONDITION, including any warranty as to title, physical condition, soil conditions, the presence or absence of fill, subsurface support, zoning, land use restrictions, the

availability or location of utilities or services, the location of any public infrastructure on or off of the Properties (active, inactive or abandoned), the suitability of the Properties for the Project or other use or the existence or absence of Hazardous Substances (excepting any Hazardous Substance Discharge by Authority) and with full knowledge of the physical condition of the Properties, the nature of Authority's interest in and use of the Properties, all Laws applicable to the Properties, the Permitted Exceptions and any and all conditions, covenants, restrictions, encumbrances and all matters of record relating to the Properties. Developer represents and warrants to Authority that: (a) Developer has had ample opportunity to inspect and evaluate the Properties and the feasibility of the uses and activities Developer is entitled to conduct on the Properties in accordance with this Agreement; (b) Developer is experienced in real estate development; (c) Developer is relying entirely on Developer's experience, expertise and its own inspection of the Properties in its current state in proceeding with acquisition of the Properties; (d) Developer accepts the Properties in its present condition; and (e) to the extent that Developer's own expertise with respect to any matter regarding the Properties is insufficient to enable Developer to reach an informed conclusion regarding such matter, Developer has engaged the services of Persons qualified to advise Developer with respect to such matters. The Close of Escrow shall constitute Developer's representation and warranty to Authority that Developer has received assurances acceptable to Developer by means independent of Authority Parties of the truth of all facts material to Developer's acquisition of the Properties pursuant to this Agreement and that the Properties is being acquired by Developer as a result of its own knowledge, inspection and investigation of the Properties and not as a result of any representation made by any Authority Party relating to the condition of the Properties, unless such statement or representation is expressly and specifically set forth in this Agreement. Except to the extent of any express representations and warranties of Authority specifically set forth in this Agreement (if any), Authority hereby expressly and specifically disclaims any express or implied warranties regarding the Properties.

2.6.3 Any Due Diligence Investigations of the Properties by Developer shall not unreasonably disrupt any then existing use or occupancy of the Properties or the operations of Authority. Developer shall be liable for any damage or injury to any person or property arising from the acts of Developer, its employees, agents or representatives during the course of any Due Diligence Investigations on the Properties and Developer shall indemnify, defend with counsel reasonably acceptable to Authority, and hold harmless Authority and its elected officials, officers, directors, attorneys, contractors, agents and employees from any and all actual or alleged liens, claims, demands or liability arising from any Due Diligence Investigations by Developer on the Properties. Prior to commencing any Due Diligence Investigations on the Properties, Developer shall deliver copies of policies or certificates of insurance to Authority evidencing compliance by the Developer with the insurance requirements of Section 5.

2.6.4 Before exercising any right a Party may have under this Section 2.6 to cancel the Escrow and terminate this Agreement, such Party shall notify the non-terminating Parties in writing of its election to terminate and shall, upon a non-terminating Party's request, which must be delivered, if at all, within three (3) days following its receipt of the terminating Party's notice of election to terminate, meet and confer with the non-terminating Parties for a period of thirty (30) days. During such time, the Parties shall meet as often as reasonably requested by any Party to negotiate, in good faith, methods and means by which the objectionable Due Diligence matter may be eliminated or mitigated. Nothing herein shall

constitute an agreement, representation, or warranty by any Party that an acceptable resolution of the objectionable Due Diligence matter will be achieved, nor shall any Party be obligated to expend any funds or undertake any other action whatsoever with respect to such Due Diligence matter unless such obligation is reduced to a writing which is approved by all Parties, in their sole and absolute discretion. If, at the end of such thirty (30) day period, the Parties have not been able to agree on a mutually acceptable method of resolving the objectionable Due Diligence matter, or if any proposed agreement is disapproved by Authority's governing body, the Escrow shall be cancelled, this Agreement shall be terminated without liability to any Party, and the Parties shall proceed pursuant to Section 3.11.

2.7 Delivery of Properties Free of Tenants. At the Close of Escrow, Authority will deliver possession of the Properties to Developer free and clear of any contractual rights created by or with the consent of Authority for any Person (other than Developer) to use or occupy the Properties.

2.8 Assignment of Property Information and Approvals. If for any reason this Agreement is terminated, except as a direct result of a Authority Event of Default, without Developer acquiring the Properties, but subject to Authority's reimbursement to Developer as set forth in Section 8.12 below, Developer shall deliver or cause to be delivered to Authority, within twenty (20) days after Authority's written request and at no cost to Authority, all Property Information and documentation of all Approvals, subject to any unwaived restrictions set forth in any agreement between Developer and any Third Person regarding preparation of such Property Information or documentation by such Third Person, notwithstanding Developer's reasonable efforts to obtain a waiver of such restrictions. On such a request, the Property Information and all Approvals shall be deemed assigned to Authority, without the execution of any additional documents, upon a termination of this Agreement without Developer acquiring the Properties. Developer shall, if requested by Authority, execute such other documents as Authority reasonably requests, to further document the assignment of the Property Information and all Approvals to Authority. Developer represents and warrants to Authority that it has the right, power and Authority to make the assignments set forth in this Section 2.8. Developer shall deliver the Property Information to Authority, pursuant to this Section 2.7, without representation or warranty of any kind. Developer shall take such actions and make such payments as may be necessary to preclude any Claim against Authority or the Properties for any amounts owing by Developer regarding the Property Information incurred prior to the termination of this Agreement. Developer shall Indemnify the Authority Parties against all Claims arising from any actual or alleged failure of Developer to pay any amount regarding any Property Information incurred prior to the termination of this Agreement. Authority shall be responsible for and shall indemnify Developer for any costs incurred at Authority's direction following the termination of this Agreement

2.9 Developer to Obtain all Approvals for the Project.

2.9.1 **Submission of Development Application.** Developer shall exercise reasonable efforts to prepare and submit all required Applications, documents, fees, charges or other items (including, without limitation, deposits, funds or sureties in the ordinary course) required for the Construction of the Project, pursuant to all applicable Laws and Approvals, to each necessary Government for review and approval. Further, Developer shall exercise

reasonable efforts to obtain all Approvals for the Construction of the Project on the Properties from each Government, prior to the Project Commencement Date. Prior to commencement of any part of the Construction of the Project, Developer shall obtain all Approvals from each Government required for the Construction of the Project. The Authority's zoning, building and land use regulations (whether contained in ordinances, the Authority's municipal code, conditions of approval or elsewhere), shall be applicable to the Construction of the Project on the Properties by Developer. Developer acknowledges that the Project Plans and Specifications and any changes to the Project Plans or Specifications shall be subject to all applicable Laws and Approvals.

2.9.2 No Waiver of Discretion. Nothing in the approval of this Agreement by the Authority shall be binding on the Authority Board, City Council, Design Review Committee, or any other commission, committee, board or body of the Authority or City regarding any Approvals of the Project required by such bodies regarding Developer's use or development of the Properties. Nothing in this Agreement, nor any action by Developer with reference to this Agreement or any related documents shall be deemed to constitute issuance or waiver of any required Authority Approval or City Approval regarding the Properties, the Project or Developer, or waiver or exercise of any legislative discretion of the Authority or the City regarding any Application, Approval or other matter relating to Developer's intended use or development of the Properties. The Parties acknowledge and agree that this Agreement is not a statutory development agreement pursuant to Government Code Sections 65864, et seq.

2.9.3 No Commitment to Development. The Parties agree that nothing in this Agreement is intended to commit the Developer to completing a particular project or to commit the Authority or City to granting any Approval. The Authority's approval of this Agreement does not constitute approval by the Authority or City of any development of the Properties or of other activity on the Properties that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).) Moreover, Developer's future use or development of the Properties is expressly conditioned on CEQA compliance. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. Nothing in this Agreement shall be construed to limit the Authority's or City's discretion to consider and adopt any mitigation measure or project alternative, including the alternative of rejecting any proposed development of the Properties, as provided in Public Resources Code section 21002. Following completion of the City's environmental review of any proposed development of the Properties, the City shall file a notice of such approval as provided in Public Resources Code section 21152. Developer's purchase of the Properties will serve the current needs of the Authority and City.

2.9.4 Future Proposals Subject to Review. Developer and the Authority shall work together to conduct environmental review in accordance with CEQA before City takes action on any plan or entitlement or before the Parties Close of Escrow under this Agreement. The Authority shall pay, subject to reimbursement through the Authority Loan, for the cost of CEQA review. The Parties agree and acknowledge that any proposed development of the Properties might change as a result of various environmental factors. On or before the Close of Escrow, the scope and location of proposed development and the design of the anticipated

improvements might well change to account for needs of Developer, including changes required by the CEQA process.

2.10 Authority Purchase of Acquisition Properties. As of the date of this Agreement, neither Authority nor Developer own any portion of or interest in the Acquisition Properties. Authority shall use its best efforts to acquire the Acquisition Properties prior to the Opening of Escrow by negotiated purchase. If Authority is in good faith unable to negotiate or complete the acquisition of the Acquisition Properties, Authority may consider initiating eminent domain proceedings in accordance with this Section 2. In connection with a negotiated purchase of the Acquisition Properties, Authority shall enter into a purchase and sale agreement with the Acquisition Properties owners and open an separate escrow for the Acquisition Properties with the Escrow Agent.

2.11 Termination of Existing Tenancy. Authority shall take all necessary and appropriate steps to provide for the termination of all existing leases on the Properties and the relocation of current occupants of the Properties, if applicable. The relocation of any occupant of the Properties shall be accomplished in accordance with the provisions of Government Code Sections 7260 *et seq.* Any relocation assistance plan applicable to the Properties approved by the governing body of Authority shall be completed and approved by the governing body of the Authority prior to Developer's submission of its TCAC Application, and other applicable Law. Authority shall be solely responsible for termination of all leasehold interests in the Properties, relocation of all occupants of the Properties, and payment of all relocation benefits if applicable. Authority shall cause all occupants to vacate the premises at least two (2) months prior to the Construction Loan closing. Authority shall indemnify, defend and hold harmless Developers and its partners and agents from and against loss, cost, damage, liability and expense, including, without limitation, reasonable attorneys' fees and court costs, associated with the termination of all leasehold interests in the Properties and the relocation of all occupants including, without limitation, payment of all relocation fees and expenses.

3. **JOINT ESCROW INSTRUCTIONS**

3.1 Opening of Escrow. For purposes of this Agreement, the opening of Escrow shall be within five (5) business days of the recording of a grant deed(s) conveying fee title to the Acquisition Properties to Authority. The Escrow Agent shall promptly confirm the Escrow Opening Date in writing to each of the Parties, with a copy of the Escrow Agent Consent signed by the authorized representative(s) of the Escrow Agent. The provisions of this Section 3 are the joint escrow instructions of Authority and Developer to the Escrow Agent for conducting the Escrow.

3.2 Escrow Agent Authority. Authority and Developer authorize the Escrow Agent to:

3.2.1 **Charges.** Pay and charge Developer for the applicable fees, taxes, charges and costs regarding the Escrow;

3.2.2 **Settlement/Closing Statements.** Release each Party's Escrow settlement/closing statement to the other Party;

3.2.3 **Document Recording.** File any documents delivered for recording through the Escrow with the office of the Recorder of the County for recordation in the official records of the County, pursuant to the joint instructions of the Parties; and

3.2.4 **Counterpart Documents.** Utilize documents that have been signed by Authority and Developer in counterparts, including attaching separate signature pages to one version of the same document.

3.3 **Developer's Conditions to Close of Escrow.** Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Developer, Developer's obligation to purchase the Properties from Authority on the Escrow Closing Date shall be subject to the satisfaction or waiver of each of the following conditions precedent, each of which can only be waived in writing by Developer:

3.3.1 **Title Policy.** The Title Company is, upon payment of the Title Company's premium for the Title Policy, irrevocably and unconditionally committed to issue the Title Policy to Developer, at the Close of Escrow;

3.3.2 **Title.** Developer accepts the state of the title of the Properties in accordance with Section 2.4.

3.3.3 **Due Diligence.** Developer delivers (or is deemed to have delivered) its Due Diligence Investigation Conclusion Notice to Authority and the Escrow Agent indicating Developer's unconditional acceptance of the condition of the Properties, prior to the expiration of the Due Diligence Period;

3.3.4 **Approvals.** Final issuance of all discretionary Approvals required from any Government for the Construction of the Project on the Properties, on terms and conditions reasonably acceptable to Developer;

3.3.5 **CEQA Documents.** Final adoption, approval or certification of the CEQA Documents, if any;

3.3.6 **Tax Credits.** Developer receives the Tax Credit allocation reservation for the Project from TCAC and all loans and equity contributions deemed necessary by Developer to construct and develop the Project shall have closed.

3.3.7 **Purchase Price.** Developer has deposited the Purchase Price by executing the Authority Loan documents and placing the documents into Escrow;

3.3.8 **Authority Escrow Deposits.** Authority deposits all of the items into the Escrow required by Section 3.6;

3.3.9 **Settlement/Closing Statement.** Developer approves the Escrow Agent's estimated Escrow closing/settlement statement;

3.3.10 **Authority Pre-Closing Obligations.** Authority performs all of its material obligations required to be performed by Authority under this Agreement prior to the Close of Escrow.

3.4 **Authority's Conditions to Close of Escrow.** Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Authority, Authority's obligation to sell the Properties to Developer on or before the Escrow Closing Date shall be subject to the satisfaction or waiver of each of the following conditions precedent, each of which can only be waived in writing by Authority:

3.4.1 **Document Approval.** Authority has received from Developer and approved (which approval shall not be unreasonably conditioned or delayed) all of the following described items in Authority's reasonable discretion, unless another provision of this Agreement provides for approval of such document in the Authority's sole and absolute discretion, in which case the Authority shall have approved the document in the Authority's sole and absolute discretion. Except as otherwise expressly provided in this Agreement, within one hundred ninety-four (194) calendar days following Developer's receipt of written confirmation from TCAC of the reservation of the Tax Credits for the Project, Developer shall deliver all of the documents listed in this Section 3.4.1 in substantially final form; provided, however, Developer shall provide final versions of such documents to Authority at least three (3) calendar days before the Close of Escrow. Developer shall have all of the following described documents completed and signed by all of the Persons required to make such documents operative and shall have delivered true, accurate and legible copies or originals of all such documents (as specified in this Agreement) to Authority, prior to the Close of Escrow:

- (a) Developer Entity Documents;
- (b) A copy of the Construction Contract in substantially final form (with a copy of the final Construction Contract being delivered to Authority prior to Close of Escrow);
- (c) All Insurance Documents;
- (d) A copy of the Construction Financing Documents in substantially final form (with copies of the final Construction Financing Documents being delivered to Authority prior to Close of Escrow);
- (e) Documents evidencing a commitment from an Institutional Lender to Developer to provide the Permanent Loan;

3.4.2 **Title.** The Developer accepts the state of the title of the Properties, in accordance with Section 2.4;

3.4.3 **Title Policy.** The Title Company is, upon payment of the Title Company's premium for the Title Policy, irrevocably and unconditionally committed to issue the Title Policy to Developer, at the Close of Escrow;

3.4.4 **Due Diligence.** Developer delivers its Due Diligence Investigation Conclusion Notice to Authority and Escrow Agent indicating Developer's unconditional acceptance of the physical condition of the Properties, prior to the expiration of the Due Diligence Period;

3.4.5 **Approvals.** Final issuance of all discretionary Approvals required from any Government for the Construction of the Project on the Properties, on terms and conditions reasonably acceptable to Authority;

3.4.6 **CEQA Documents.** Final adoption, approval or certification of the CEQA Documents, if any;

3.4.7 **Tax Credits.** Authority receives evidence reasonably satisfactory to Authority that Developer has received the Tax Credit allocation reservation for the Project from TCAC;

3.4.8 **Purchase Price.** Developer has deposited the Purchase Price by executing the Authority Loan documents and placing them into Escrow;

3.4.9 **Construction Financing.** A Permitted Security Instrument securing repayment of the Construction Financing and approved by Authority has been deposited into the Escrow and is in a condition to be recorded against the Properties at the Close of Escrow and the Construction Financing is in a condition to fund promptly following the Close of Escrow;

3.4.10 **Developer Escrow Deposits.** Developer deposits all of the items into the Escrow required by Section 3.5;

3.4.11 **Settlement/Closing Statement.** Authority approves the Escrow Agent's estimated Escrow closing/settlement statement;

3.4.12 **Developer Pre-Closing Obligations.** Developer performs all of its material obligations required to be performed by Developer under this Agreement prior to the Close of Escrow.

3.5 **Developer's Escrow Deposits.** At least one (1) Business Day prior to the Escrow Closing Date scheduled by the Escrow Agent in a writing delivered to both of the Parties, Developer shall deposit the following described funds and documents into the Escrow and, concurrently, provide a copy of each such document to Authority:

3.5.1 **Certificate of Acceptance.** The Certificate of Acceptance attached to the Deed signed by the authorized representative(s) of Developer;

3.5.2 **Notice of Agreement.** The Notice of Agreement signed by the authorized representative(s) of Developer in recordable form which shall be recorded against the Properties.

3.5.3 **Insurance Documents.** All Insurance Documents, as approved by Authority;

3.5.4 **Regulatory Agreement.** The Regulatory Agreement signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the Properties;

3.5.5 **Construction Financing Security Instrument.** A Permitted Security Instrument securing repayment of the Construction Financing, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Properties at the Close of Escrow;

3.5.6 **Authority Note.** The Authority Note signed by the authorized representative(s) of Developer;

3.5.7 **Deed of Trust.** The Deed of Trust signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the Properties;

3.5.8 **Subordination Agreement.** A subordination agreement subordinating the Deed of Trust of Trust in the form provided by any lender of an Institutional Loan and reasonably approved by the Authority, signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the Properties; and

3.5.9 **Other Funds and Documents.** Such documents required from Developer under the terms of this Agreement to close the Escrow, including funds as required to pay all Escrow closing costs, which shall be the sole responsibility of Developer, or by the Escrow Agent in the performance of the Escrow Agent's contractual or statutory obligations relating to the Escrow.

3.6 **Authority's Escrow Deposits.** At least one (1) Business Day prior to the Escrow Closing Date scheduled by the Escrow Agent in a writing delivered to both of the Parties, Authority shall deposit the following described funds and documents into the Escrow and, concurrently, provide a copy of each such document to Developer:

3.6.1 **Deed.** The Deed signed by the authorized representative(s) of Authority in recordable form, conveying the Properties to the Developer;

3.6.2 **Notice of Agreement.** The Notice of Agreement signed by the authorized representative(s) of Authority in recordable form, which shall be recorded against the Properties;

3.6.3 **Regulatory Agreement.** The Regulatory Agreement signed by the authorized representative(s) of Authority in recordable form, which shall be recorded against the Properties;

3.6.4 **Subordination Agreement.** A subordination agreement subordinating the Deed of Trust in the form provided by any lender of an Institutional Loan and reasonably approved by the Authority, signed by the authorized representative(s) of Authority in recordable form, which shall be recorded against the Properties;

3.6.5 **FIRPTA Certificate.** The FIRPTA Certificate signed by the authorized representative(s) of Authority;

3.6.6 **Form 593.** A Form 593 signed by the authorized representative(s) of Authority; and

3.6.7 **Other Funds and Documents.** Such other funds or documents required from Authority under the terms of this Agreement to close the Escrow or by the Escrow Agent in the performance of the Escrow Agent's contractual or statutory obligations regarding the Escrow.

3.7 **Closing Procedure.** When each of Developer's Escrow deposits, as set forth in Section 3.5, and each of Authority's Escrow deposits, as set forth in Section 3.6, are deposited into the Escrow, the Escrow Agent shall request Notice from both Developer and Authority that each of their respective conditions to the Close of Escrow, as set forth in Sections 3.3 and Section 3.4, respectively, are satisfied or waived. Upon the Escrow Agent's receipt of Notice from both Authority and Developer that each of their respective conditions to the Close of Escrow are either satisfied or waived, the Escrow Agent shall schedule the Escrow Closing Date by Notice to both Parties and, thereafter, shall close the Escrow on or before the Escrow Closing Date by doing all of the following:

3.7.1 **Recordation and Distribution of Recorded Documents.** The Escrow Agent shall file the following documents with the office of the Recorder of the County for recording in the official records of the County, in the following order, at the Close of Escrow: (a) the Deed; (b) the Regulatory Agreement; (c) a Permitted Security Instrument securing the Construction Financing; (d) the Notice of Agreement; (e) the Deed of Trust; and (f) any other documents to be recorded through the Escrow upon the joint instructions of the Parties. The Escrow Agent shall deliver conformed copies of all documents filed for recording in the official records of the County through the Escrow to Authority, Developer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or conformed copy of each such document. Each copy of a document filed for recording shall show all recording information. The Parties intend and agree that this Section 3.7.1 shall establish the relative priorities of the documents to be recorded in the official records of the County through the Escrow, by providing for recordation of Senior interests prior in time to junior interests, as provided in this Section 3.7.1;

3.7.2 **Distribution of Other Documents.** The Escrow Agent shall deliver copies of all documents to be delivered through the Escrow that are not to be recorded to Authority, Developer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or copy of each such document;

3.7.3 **Title Policy.** Obtain and deliver the Title Policy to Developer;

3.7.4 **Funds.** Deliver all funds held by the Escrow Agent for the account of Authority to Authority, less any charges to the account of Authority pursuant to the terms of this Agreement, and return all remaining funds held by the Escrow Agent for the account of Developer to Developer, less of the Escrow closing costs which shall be paid solely by

Developer, and less any other charges to the account of Developer pursuant to the terms of this Agreement;

3.7.5 **FIRPTA Certificate.** File the FIRPTA Certificate with the United States Internal Revenue Service;

3.7.6 **Form 593.** File the Form 593 with the State of California Franchise Tax Board; and

3.7.7 **Report to IRS.** Following the Close of Escrow and prior to the last date on which such report is required to be filed with the United States Internal Revenue Service, if such report is required pursuant to Section 6045(e) of the United States Internal Revenue Code, the Escrow Agent shall report the gross proceeds of the sale of the Properties pursuant to this Agreement to the United States Internal Revenue Service on Form 1099-B, Form W-9 or such other form(s) as may be specified by the United States Internal Revenue Service pursuant to Section 6045(e) or its associated Federal regulations. Upon the filing of such reporting form with the United States Internal Revenue Service, the Escrow Agent shall deliver a copy of the filed form to both Authority and Developer.

3.8 Close of Escrow. The Close of Escrow shall occur on or before the Escrow Closing Date. The Parties may mutually agree to change the Escrow Closing Date by joint written instruction to the Escrow Agent. The Executive Director is authorized to agree to one or more extensions of the Escrow Closing Date on behalf of Authority up to a maximum time period extension of six (6) months in the aggregate, in the Executive Director's reasonable discretion. If for any reason (other than a Default or Event of Default by such Party) the Close of Escrow has not occurred on or before the Escrow Closing Date, then any Party not then in Default under this Agreement may cancel the Escrow and terminate this Agreement, without liability to the other Party or any other Person for such cancellation and termination, by delivering written Notice of termination to both the other Party and the Escrow Agent. Following any such Notice of termination of this Agreement and cancellation of the Escrow, the Parties and the Escrow Agent shall proceed pursuant to Section 3.11. Without limiting the right of either Party to cancel the Escrow and terminate this Agreement if the Escrow does not close on or before the Escrow Closing Date and neither Party has exercised its contractual right to cancel the Escrow and terminate this Agreement under this Section 3.8 before the first date on which the Escrow Agent Notifies both Parties that the Escrow is in a position to close, then the Escrow shall close as soon as reasonably possible following the first date on which the Escrow Agent Notifies both Parties that the Escrow is in a position to close, pursuant to the terms and conditions of this Agreement.

3.9 Escrow Closing Costs, Taxes and Title Policy Premium. Developer shall pay all Escrow fees and such other costs as the Escrow Agent may charge for conducting the Escrow, the premium charged by the Title Company for the Title Policy, including any endorsements or other supplements to the coverage of the Title Policy that may be requested by Developer, and any County documentary transfer tax arising from the transfer of the Properties from Authority to Developer at the Close of Escrow. Developer shall pay any and all recording fees, any and all other charges or fees due at the Close of Escrow, taxes levied by any Government arising from or relating to the sale of the Properties pursuant to this Agreement through the Escrow and the cost

of any endorsements or supplements to the coverage of the Title Policy requested by Developer. The Escrow Agent shall Notify Developer and Authority of the costs to be borne by Developer at the Close of Escrow by delivering the Escrow Agent's estimated Escrow closing/settlement statement to both Authority and Developer, at least two (2) Business Days prior to the Escrow Closing Date.

3.10 Escrow Cancellation Charges. If the Escrow fails to close due to an Event of Default attributable to Authority, Authority shall pay all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any. If the Escrow fails to close due to an Event of Default attributable to Developer, Developer shall pay all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any. If the Escrow fails to close for any reason other than an Event of Default attributable to either Developer or Authority, Developer and Authority shall each pay one-half (1/2) of all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any.

3.11 Escrow Cancellation. If the Escrow is cancelled and this Agreement is terminated pursuant to a contractual right granted to a Party in this Agreement to cancel the Escrow and terminate this Agreement, the Parties shall pay any associated cancellation charges in accordance with Section 3.10 and do each of the following:

3.11.1 **Cancellation Instructions.** The Parties shall, within three (3) Business Days following receipt of the Escrow Agent's written request, execute any reasonable Escrow cancellation instructions requested by the Escrow Agent; and

3.11.2 **Return of Funds and Documents.** Within seven (7) days following receipt by the Parties of a settlement statement from the Escrow Agent of cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any: (a) Developer or the Escrow Agent, respectively, shall return to Authority any documents previously delivered by Authority to Developer or the Escrow Agent regarding this Agreement, the Properties or the Escrow; (b) Authority or the Escrow Agent, respectively, shall return to Developer all documents previously delivered by Developer to Authority or the Escrow Agent regarding this Agreement, the Properties or the Escrow, except any Property Information; (c) the Escrow Agent shall return to Developer any funds deposited into the Escrow by Developer, less Developer's share of any customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any, in accordance with Section 3.10; and (d) the Escrow Agent shall return to Authority any funds deposited into the Escrow by Authority, less Authority's share of any customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any, in accordance with Section 3.10, and the remaining balance of the Deposit, if any.

3.12 Escrow Notices. All Notices from the Escrow Agent to the Parties shall be given in the manner provided in Section 8.1 of this Agreement.

4. **PROJECT DEVELOPMENT.**

4.1 Developer's Covenant to Develop Project. Developer covenants to and for the exclusive benefit of the Authority, for purposes of this Agreement, that Developer shall commence, pursue and complete the development of the Project in accordance with the deadlines and other requirements of this Agreement, including but not limited to the Schedule of Performance. Developer covenants and agrees for itself, its successors and assigns that the Properties shall be improved and developed with the Project, in conformity with the terms and conditions of this Agreement and all applicable Laws and conditions of each Government. The covenants of this Section 4 shall run with the Properties, until the date of issuance of a Certificate of Completion for the Project.

4.2 Changes to Project Plans and Specifications During Course of Construction. Developer shall have the right, during the course of Construction of the Project, to make "minor field changes," without seeking the approval of the Authority, if such changes do not affect the type of use to be conducted within all or any material portion of a structure. "Minor field changes" shall be consistent with basic conceptual, preliminary drawings and shall be defined as those changes from the Approvals for the Project that have no substantial effect on the Project and are made in order to expedite the work of Construction in response to field conditions. Nothing contained in this Section 4.2 shall be deemed to constitute a waiver of or change in any Approvals governing any such "minor field changes" or any Approvals by any Government otherwise required for any such "minor field changes."

4.3 Construction Start and Completion of Project.

4.3.1 **Commencement.** Developer shall commence Construction of the Project no later than the Project Commencement Date. Thereafter, Developer shall diligently proceed to pursue and complete the Construction of the Project, in a good and workmanlike manner, in accordance with this Agreement and all applicable Laws and all Approvals for the Project issued by each Government.

4.3.2 **Completion.** On or before the Project Completion Date, Developer shall do all of the following:

(a) Record a Notice of Completion, in accordance with California Civil Code Section 3093, for the entirety of the Project;

(b) Cause the Project to be inspected by each Government, as required by the applicable Approvals or Laws, and correct any defects and deficiencies that may require correction as a result of any such inspection;

(c) Cause all final Approvals necessary for the occupancy and operation of the completed Project to be duly issued;

4.3.3 **Time Extensions.** The Executive Director, in his or her sole and absolute discretion, may extend the Project Completion Date for up to an additional one hundred eighty (180) days, in the aggregate.

4.4 Compliance with Laws. All work performed in connection with the Construction of the Project shall comply with all applicable Laws and Approvals.

4.5 Regular Progress Reports. Prior to and during the period of Construction of the Project, Developer shall submit to Authority written progress reports and/or hold progress meetings when and as reasonably requested by Authority. The reports shall be in such form and detail as may reasonably be required by Authority.

4.6 Progress Meetings. At the reasonable request of Authority, Developer shall schedule, coordinate and attend construction progress meetings. The purposes of such meetings shall include but not be limited to discussing engineering matters, changes, delays, and extensions, reviewing work progress in relation to the Project, sharing new information, reporting on any significant events or developments, and otherwise carrying out the purposes of this Agreement. Developer shall provide Authority at least 72 hours prior notice (written or telephonic) of each such meeting.

4.7 Project Schedule. Developer shall begin and complete the Project and undertake all obligations and responsibilities of Developer within the times specified in the Schedule of Performance or within such reasonable extensions of such times as may be granted by Executive Director or designee or as otherwise provided for in this Agreement. Any and all deadlines for performance by the Parties shall be extended for any time attributable to Enforced Delay.

4.8 Developer Attendance at Authority Meetings. Developer agrees to have one or more of its employees or consultants who are knowledgeable regarding this Agreement and the development of the Project, such that such Person(s) can meaningfully respond to Authority governing body or Authority staff questions regarding the progress of the Project, attend meetings with Authority staff or meetings of the Authority governing body, when requested to do so by Authority staff, with reasonable advance Notice to Developer.

4.9 Authority Right to Inspect Project and Properties. The Authority Parties, for purposes of this Agreement, shall have the right of reasonable access to the Properties, without the payment of charges or fees, during normal construction hours, during the period of Construction of the Project. Any and all Authority representatives who enter the Properties shall identify themselves at the Construction management office or, if none, to the apparent on-site Construction supervisor on the Properties, upon their entrance onto the Properties, and shall be accompanied by a representative of Developer, while on the Properties. Developer shall make a representative of Developer available for this purpose at all times during normal construction hours, upon reasonable advance Notice from the Authority. The Authority shall Indemnify Developer from injury, property damage or liability to the extent arising out of the exercise by the Authority of the right of access to the Properties provided in this Section 4.8, except to the extent that any such injury, property damage or liability arises from the gross negligence or willful misconduct of any Developer Parties. If in the Authority's reasonable judgment it is necessary, the Authority shall have the further right, from time to time, at its own cost, to retain a consultant or consultants to inspect the Project and verify compliance by Developer with the provisions of this Agreement. Developer acknowledges and agrees that any such Authority inspections are for the sole purpose of protecting the Authority's rights under this Agreement, are made solely for the Authority's benefit, the Authority's inspections may be superficial and

general in nature, and are for the purposes of informing the Authority of the progress of the Project and the conformity of the Project with the terms and conditions of this Agreement, and Developer shall not be entitled to rely on any such inspection(s) as constituting the Authority's approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Agreement or otherwise. Developer agrees to make its own regular inspections of the work of Construction of the Project to determine that the progress and quality of the Project and all other requirements of the work of Construction of the Project are being performed in a manner satisfactory to Developer.

4.10 PREVAILING WAGES.

4.10.1 **RESPONSIBILITY.** DEVELOPER AGREES WITH AUTHORITY THAT DEVELOPER SHALL ASSUME ANY AND ALL RESPONSIBILITY AND BE SOLELY RESPONSIBLE FOR: (A) DETERMINING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION OF THE PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ., AND (B) CAUSING ALL CONTRACTORS AND SUBCONTRACTORS TO PAY SUCH WAGES AND COMPLY WITH ALL APPLICABLE PROVISIONS OF LABOR CODE SECTIONS 1720, ET SEQ. AND IMPLEMENTING REGULATIONS OF THE DEPARTMENT OF INDUSTRIAL REGULATIONS IN THE EVENT THAT IT IS DETERMINED THAT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION OF THE PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, EITHER BY DEVELOPER OR AS THE RESULT OF A PREVAILING WAGE ACTION.

4.10.2 **WAIVERS AND RELEASES.** DEVELOPER, ON BEHALF OF ITSELF, ITS SUCCESSORS, AND ASSIGNS, WAIVES AND RELEASES AUTHORITY FROM ANY RIGHT OF ACTION THAT MAY BE AVAILABLE TO ANY OF THEM ARISING OUT OF DEVELOPER'S RESPONSIBILITIES UNDER SECTION 4.10.1, INCLUDING BUT NOT LIMITED TO ANY RIGHT OF ACTION PURSUANT TO LABOR CODE SECTION 1781. RELATIVE TO THE WAIVER AND RELEASE CONTAINED IN THIS SECTION 4.10.2, DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542, WHICH READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

4.10.3 **INITIALS.** BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF SECTION 4.10.2:

Initials of Authorized
Developer Representative

4.10.4 **INDEMNITY.** ADDITIONALLY, DEVELOPER SHALL INDEMNIFY AUTHORITY, PURSUANT TO SECTION 7.4.2, AGAINST ANY CLAIMS ARISING OUT OF DEVELOPER'S RESPONSIBILITIES UNDER SECTION 4.10.1, INCLUDING BUT NOT LIMITED TO ANY RIGHT OF ACTION PURSUANT TO LABOR CODE SECTION 1781 ARISING FROM THIS AGREEMENT OR THE CONSTRUCTION OF ALL OR ANY PORTION OF THE PROJECT.

4.10.5 **Funding Sources.** Authority represents and warrants that the funds provided by the Authority for this Project are:

- (a) Low and Moderate Income Housing Funds
- (b) 2011 Series A and B Bond Funds
- (c) Housing Successor Agency Low and Moderate Income Housing Asset Funds.

4.11 Project Certificate of Completion.

4.11.1 **Issuance.** Following the completion of the Project, excluding any "punch-list" items to be completed by the Developer, Developer may request that the Authority inspect the completed Project and issue a Certificate of Completion for the Project. Following the Authority's receipt of such a written request from Developer, the Authority shall promptly inspect the Project to determine whether or not the Project has been completed in compliance with this Agreement. If the Authority determines that the Project is complete (excluding any outstanding "punch-list" items) and in compliance with this Agreement, the Authority shall issue a Certificate of Completion for the Project to Developer. If the Authority determines that the Project is not complete or not in compliance with this Agreement, the Authority shall send written Notice of each non-conformity to Developer, within fifteen (15) calendar days following the Authority's receipt of Developer's written request for a Certificate of Completion or within three (3) calendar days after the next regular meeting of the Authority governing body, whichever date occurs later. The statement shall also contain the Authority's opinion of the action(s) Developer must take to obtain a Certificate of Completion from the Authority. If the reason for Developer's failure to complete the Project is confined to the immediate unavailability of specific items or materials for Construction or landscaping at a price reasonably acceptable to Developer or other minor "punch-list" items, the Authority may, in its sole and absolute discretion, issue a Certificate of Completion upon the posting of a bond or irrevocable standby letter of credit by Developer, in form and substance reasonably acceptable to the Authority, in an amount representing the fair value of the work on the Project remaining to be completed, as reasonably determined by the Authority. If the Authority fails to provide such written statement,

within the specified time period, Developer shall be deemed, conclusively and without further action of the Authority, to have satisfied the requirements of this Agreement with respect to the Construction of the Project, as if a Certificate of Completion had been issued by the Authority pursuant to this Agreement, and the same shall irrevocably be deemed to have been issued as of such date for all purposes of this Agreement; provided, however, that Authority shall subsequently issue a Certificate of Completion, if requested to do so by Developer.

4.11.2 Effect. A Certificate of Completion shall only be evidence of the Authority's conclusive determination of satisfactory completion of the Construction of the Project in accordance with the terms of this Agreement. A Certificate of Completion shall not constitute a Notice of Completion under California Civil Code Section 3093, nor shall it act to terminate the continuing reservations, covenants, restrictions or conditions contained in the Deed or any other instruments recorded against the Properties or set forth in this Agreement or otherwise. A Certificate of Completion is not evidence of the compliance of the Project with any Laws or Approvals. A Certificate of Completion shall not evidence the satisfaction of any obligation of Developer to the Authority under this Agreement or otherwise, other than Developer's obligation to construct and install the Project on the Properties. After the recordation of a Certificate of Completion for the Project, any Person then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Properties or the Project shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement regarding Construction of the Project, but such Person shall be bound by any other reservations, covenants, conditions, restrictions and interests affecting the Properties pursuant to this Agreement.

5. INSURANCE

5.1 Developer. Developer shall maintain, to protect the Authority Parties against all insurable Claims resulting from the actions of Developer in connection with this Agreement, the Properties and the Project, at the sole cost and expense of Developer, until issuance of a Certificate of Completion for the Project, the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Automobile Liability Insurance; (c) Property Insurance; (d) Builder's Risk Insurance; and (e) Workers Compensation Insurance.

5.2 Nature of Insurance. All Liability Insurance, Property Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "XI" (exception may be made for the State Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in the State. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Properties and the Project, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with this Agreement.

5.3 Policy Requirements and Endorsements. All insurance policies required by this Agreement shall contain (by endorsement or otherwise) the following provisions:

5.3.1 **Insured.** Liability Insurance and Automobile Liability Insurance policies shall name the Authority Parties as “additional insured.” Property Insurance and Builder’s Risk Insurance policies shall name the Authority as a “loss payee.” The coverage afforded to the Authority Parties shall be at least as broad as that afforded to Developer regarding the Properties and the Project and may not contain any terms, conditions, exclusions, or limitations applicable to the Authority Parties that do not apply to Developer.

5.3.2 **Primary Coverage.** Any insurance or self-insurance maintained by the Authority Parties shall be excess of all insurance required under this Agreement and shall not contribute with any insurance required under this Agreement.

5.3.3 **Contractual Liability.** Liability Insurance policies shall contain contractual liability coverage, for the Developer’s indemnity obligations under this Agreement. Developer’s obtaining or failure to obtain such contractual liability coverage shall not relieve the Developer from nor satisfy any indemnity obligation of the Developer under this Agreement.

5.3.4 **Deliveries to the Authority.** Evidence of Developer’s maintenance of all insurance policies required by this Agreement shall be delivered to the Authority prior to the Close of Escrow. Builder’s Risk Insurance shall incept at the time of Builder mobilization for the Project. No later than three (3) days before any insurance required by this Agreement expires, is cancelled or its liability limits are reduced or exhausted, Developer shall deliver to the Authority evidence of such Party’s maintenance of all insurance this Agreement requires. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days’ advance written notice of such action has been given to Authority by certified mail, return receipt requested; provided; however, that only ten (10) days’ advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as “endeavor to” and “but failure to mail such Notice shall impose no obligation or liability of any kind upon the company” shall not be included in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Agreement.

5.3.5 **Waiver of Certain Claims.** Developer shall cause each insurance carrier providing any Liability Insurance, Builder’s Risk Insurance, Worker’s Compensation Insurance, Automobile Liability Insurance or Property Insurance coverage under this Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Developer obtains insurance with a Waiver of Subrogation, the Parties release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Agreement.

5.3.6 **No Representation.** No Party makes any representation that the limits, scope, or forms of insurance coverage this Agreement requires are adequate or sufficient.

5.3.7 **No Claims Made Coverage.** None of the insurance coverage required under this Agreement may be written on a claims-made basis.

5.3.8 Fully Paid and Non-Assessable. All insurance obtained and maintained by Developer in satisfaction of the requirements of this Agreement shall be fully paid for and non-assessable. However, Developer's policies may be subject to insurer audits.

5.3.9 Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of Developer to carry any insurance required by this Agreement, the Authority may, at its sole option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Developer of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 5.3.9 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of ten percent (10%) per annum or the Usury Limit, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Agreement to be carried by Developer shall not relieve the Defaulting Party of its obligation to obtain and maintain any insurance coverage required by this Agreement.

5.3.10 Separation of Insured. All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Developer and the Authority Parties. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

5.3.11 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Agreement shall be declared to and approved by Authority. Developer shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each such insurance policy shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

5.3.12 No Separate Insurance. Developer shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Agreement, unless the Authority is made an additional insured thereon, as required by this Agreement.

5.3.13 Insurance Independent of Indemnification. The insurance requirements of this Agreement are independent of the Parties' indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Parties' indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

6. FINANCING OF PROJECT

6.1 Project Budget. Developer has submitted to Authority a Project Budget for the development of the Project on the Properties. By its execution of this Agreement, Authority has

given its approval to the Project Budget. While the Project Budget has been prepared based on the best, good faith estimate of Developer of the costs which are likely to be incurred for the Project, the Parties recognize that events and circumstances not currently contemplated, some of which are outside of the control of the Parties, could result in changes in the Project Costs, necessitating changes in the Project Budget for the development of the Project on the Properties. Because of the specialized nature of the funding for this Project, unanticipated material changes could constitute a challenge to Project completion and may cause Project Costs unanticipated in the Project Budget. A increased cost will constitute a “material increase” if: (i) alone or cumulatively, such costs could result in increased expenses for the Project in excess of Two Hundred Fifty Thousand Dollars (\$250,000), but which expenses might be absorbed out of contingency funds; or (ii) alone or cumulatively, such costs could result in an increase of in excess of Five Hundred Thousand Dollars (\$500,000) which cannot be paid from sources of funds identified in the Project Budget.

6.2 Project Costs. The Project Costs shall be subject to change from time to time in accordance with this Agreement, subject to prior written approval by Authority (which approval shall not be unreasonably withheld). The Executive Director is hereby authorized to act on behalf of Authority to approve any revisions to the Project Costs which do not materially increase Authority’s financial obligations hereunder. Developer shall provide to Authority an updated Project Costs at the following milestones:

6.2.1 Authority’s acquisition of the Acquisition properties and Developer’s submission of the Project for all Government Approvals;

6.2.2 Receipt of TCAC Allocation; and

6.2.3 Construction Loan closing.

6.2.4 At the time of the milestones set forth in Sections 6.2.1 and 6.2.2, if there is a cash payment anticipated to go to the Authority at Construction Loan closing, the Executive Director shall have the authority to approve utilizing some or all of such cash payment for Developer to further enhance the Project by upgrading facades to the Magnolia Avenue streetscape and/or replacing open common areas of the Project with amenities such as, but not limited to, a pool, tot-lot, pre-kindergarten building which in turn, would reduce the cash payment anticipated to go to the Authority at Construction Loan Closing. Provided that no additional gap financing is required by the Authority beyond acquisition, and relocation, the Project shall not require additional approval by Authority’s governing board.

6.3 Project Financing.

6.3.1 **Authority Loan.** Subject to the terms and conditions of this Agreement, the Authority Note and the Deed of Trust, Authority hereby agrees to pay to or for the benefit of Developer amounts constituting the Authority Loan in order to assist the Developer in financing the acquisition of the Properties and Project Costs, as specified in the Project Budget. The Executive Director has the authority to reduce the interest rate on the Authority Note below 1% if the Executive Director reasonably believes that such reduction is necessary to cause the Project to satisfy the “true debt test” to the satisfaction of Developer’s tax counsel.

Developer shall not be entitled to use any portion of the Authority Loan to reimburse Developer for any internal management, administrative or overhead expenses or for any purpose other than paying for expenses directly attributable to the development of the Project.

6.3.2 Construction Financing. The proceeds of the Construction Financing shall be used to defray the costs of developing and rehabilitating the Project on the Property, as specified in the Project Budget. During development of the Project on the Property, a portion of the cost of development and rehabilitation shall be funded by a conventional Construction Financing, to be made by an institutional Lender. The Lender for the Construction Financing shall be an Institutional Lender subject to the approval of Authority, which may be conditioned or withheld in Authority's reasonable discretion. The terms and provisions of the Construction Financing shall be similar to ordinary and customary provisions of Lenders on Loans similar to the Construction Financing. Documentation for the Construction Financing shall be subject to the review and approval of Authority, which shall not be unreasonably withheld or delayed. The Construction Financing shall provide for normal and customary disbursement controls, the payment of normal and customary fees and expenses for a Construction Financing of similar size and purpose, and for the payment of other expenses contained in the Project Budget. The Executive Director shall approve or disapprove the terms and provisions and documentation for the Construction Financing within five (5) business days of receipt of such documentation. If Authority shall disapprove any such financing or Construction Financing documents, it shall do so by written notice to Developer stating reasons for such disapproval. In such event, Developer shall promptly obtain and submit to Authority new or revised Construction Financing documents, as appropriate. Authority shall approve or disapprove of such new or revised Construction Financing documents in the same manner and within the same times established in this section for the approval or disapproval of the Construction Financing documents as initially submitted to Authority.

6.3.3 Tax Credits. To provide additional funds for the Construction of the Project, Developer shall obtain equity financing by taking such actions as shall be necessary to obtain an allocation of nine percent (9%) Tax Credits. Prior to Developer admitting an equity limited partner to the partnership, the Developer shall use commercially reasonable efforts to obtain and submit to the Executive Director at least three (3) proposals concerning the sale of the Tax Credits which include the following information: (i) the potential purchasers of the Tax Credits, and (ii) the sale price of the Tax Credits. Authority shall review the proposals concerning the sale of the Tax Credits and may provide Developer with its comments to the proposals.

(a) *Timing of Tax Credits.* Developer shall apply for the Tax Credits immediately upon the completion of all of the following: (i) Authority has gained site control of the Acquisition Properties through either adoption of a Resolution of Necessity, an Order of Prejudgment Possession or fee title by deed, and (b) the Project has received all necessary Approvals. If Developer does not receive the Tax Credits after its application during the first round, it may immediately re-apply for up to three (3) consecutive rounds. If Developer has not received Tax Credits following the fourth round, the Parties agree to meet and confer in good faith for a period of ninety (90) days to determine if a feasible and mutually acceptable alternate arrangement can be made to finance development of the Project. If no agreement is reached by the Parties within such ninety (90) day period regarding the alternative courses of action

described in the preceding sentence, this Agreement may be terminated upon fifteen (15) days' Notice to the other Party. Any agreement that is reached between the Parties on an alternative financing plan for the Project shall be memorialized in an implementation agreement to this Agreement. If Developer fails to make a required application to TCAC, then either Authority or Developer may terminate this Agreement upon fifteen (15) days' Notice to the other Party. Failure of Developer to obtain Tax Credits shall not constitute a Default under the terms of this Agreement, unless due to the intentional misconduct of Developer. Developer covenants that it shall provide Authority with notice of all other projects for which Developer is submitting an application for 9% tax credits in the Orange County TCAC geographic region during any cycle in which this Project is also submitted for funding. Additionally, Developer covenants that if the Project does not receive a tax credit allocation in either the first, second, or third round TCAC credit application cycle for which the Project is submitted and a competing Developer application with the same housing type and a higher tie breaker receives funding in the Orange County TCAC geographic region in each of such rounds, Developer shall not submit an application for 9% tax credits for any other development project with the same housing type and a higher tie breaker in the Orange County TCAC geographic region in the fourth TCAC application cycle for which Developer applies for the Tax Credits for the Project.

6.3.4 Permanent Loan. Prior to the Close of Escrow, Developer shall obtain for Authority's review and approval, which may be withheld or conditioned in Authority's reasonable discretion and which shall not be unreasonably delayed, a conditional forward loan commitment for the Permanent Loan.

6.3.5 Affordable Housing Program Loan. Partnership will apply for an Affordable Housing Program loan ("AHP Loan") once the Project is under construction. If the Partnership secures an AHP Loan, the proceeds will become part of the Project's financing structure and will be used first, to pay for any cost overruns and second to pay down the Authority Loan.

6.3.6 Developer Fees. Developer will retain any developer fee payable in accordance with the terms of TCAC's rules and regulations. No developer fees permitted by TCAC shall be permanently deferred and such developer fees shall be capped at Two Million Dollars (\$2,000,000) for the Project. City development fees for the Project shall be not be subject to and shall be separate from the provisions of this Section 6.3.6.

6.3.7 Cost Savings. In the event there are surplus funds over final Project Costs based on the cost certification completed at the end of Construction then, subject to the Approval of TCAC, Developer will use one hundred percent (100%) of the cost savings to pay down the Authority Loan.

6.4 Property Tax. Developer intends to apply for a property tax exemption pursuant to Revenue and Taxation Code Section 214(g). To the extent Developer does not receive a property tax exemption, the Developer, for itself and its successors and assigns, covenants and agrees to pay all applicable property tax bills, if any, with respect to the Property and all improvements on or to the Property on or before the last day for the timely payment of each property tax installment on each December 10 and April 10 during such time period and to timely pay all supplemental tax bills regarding the Property issued by the County. The

Developer further covenants and agrees to provide to the Authority, upon the Authority's written request, (i) a true and correct copy of all property tax assessment notices, property tax bills and property tax assessment correspondence by and between the Developer and the County regarding the Property and all improvements on or to the Property, with respect to the preceding fiscal year of the County and (ii) cancelled checks issued by the Developer in payment of all property tax payments made to the County regarding the Property and all improvements on or to the Property, with respect to the preceding fiscal year of the County. Authority acknowledges that Developer may seek an exemption from property tax assessment from the County. Authority agrees to cooperate in any effort to receive an exemption from property taxes.

6.5 Only Permitted Encumbrances. Developer shall not record and shall not allow to be recorded against the Properties any Security Instrument, lien or other encumbrance that is not a Permitted Encumbrance. Developer shall remove or cause to be removed (or providing title insurance in form and substance reasonably acceptable to Authority and issued by a title insurance company reasonably acceptable to Authority, insuring the priority of this Agreement and the Deed of Trust securing the Authority Loan as superior to such lien, with such title insurance being in the minimum amount of the outstanding principal and interest under the Authority Loan plus 125% of the amount of the lien claim or providing a statutory bond resulting in removal of such lien) any Prohibited Encumbrance made or recorded against the Properties or shall assure the complete satisfaction of any such Prohibited Encumbrance to the satisfaction of the Authority, in the Authority's sole and absolute discretion. The covenants of Developer set forth in this Section 6.4 regarding the placement of encumbrances on the Properties shall run with the land of the Properties and bind successive owners of the Properties, until recordation (or deemed issuance) of the Certificate of Completion for the Project.

6.6 Authority Right to Discharge Prohibited Encumbrances. After ninety (90) calendar days' Notice to Developer of a Prohibited Encumbrance and provided that Developer has not caused such Encumbrance to be removed (including by providing title insurance in form and substance reasonably acceptable to Authority and issued by a title insurance company reasonably acceptable to Authority, insuring the priority of this Agreement and the Deed of Trust securing the Authority Loan as superior to such lien, with such title insurance being in the minimum amount of the outstanding principal and interest under the Authority Loan plus 125% of the amount of the lien claim or providing a statutory bond resulting in removal of such lien) during such time period, the Authority shall have the right, but not the obligation, to satisfy or remove any Prohibited Encumbrance against the Properties or the Project and receive reimbursement from Developer for any amounts paid or incurred in satisfying or removing any such Prohibited Encumbrance, upon demand. Any amount expended by the Authority to discharge a Prohibited Encumbrance that is not reimbursed to the Authority by Developer within thirty (30) calendar days following written demand for payment from the Authority shall accrue Default Interest, until paid in full. Nothing in this Section 6.6, though, shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge that Developer is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Properties to forfeiture or sale.

6.7 Rights of Lender and Authority Regarding Permitted Security Instruments.

6.7.1 **Notice of Liens.** The Developer shall promptly Notify the Authority of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Properties, prior to the date of issuance of a Certificate of Completion for the Project, whether by voluntary act of Developer or otherwise; provided, however, that no Notice of filing of preliminary notices or mechanic's liens need be given by Developer to the Authority, prior to suit being filed to foreclose any such mechanic's lien.

6.7.2 **Notice of Default to Lenders.** Whenever the Authority delivers any Notice of Default to Developer under this Agreement, the Authority shall send a copy of such Notice of Default to the Tax Credit Investor and each Lender holding a Permitted Security Instrument of which the Authority has received Notice and a contact address for transmittal of such Notices. The Tax Credit Investor and each Lender receiving a copy of any such Notice of Default shall have the right, at its option, to commence the cure or remedy of any Default of Developer set forth in such Notice and to diligently and continuously proceed with such cure or remedy such Default, within the cure period allowed to Developer under this Agreement. The Authority shall accept such performance by the Tax Credit Investor and a Lender with the same force and effect as if furnished by Developer. If such Default can only be remedied or cured by the Tax Credit Investor and the Lender upon obtaining possession of the Properties, the Authority shall allow the Tax Credit Investor and the Lender an opportunity to obtain possession with diligence and continuity through exercise of remedies under Developer's limited partnership agreement of such Lender's Permitted Security Instrument and to remedy or cure such Default within ninety (90) days after obtaining possession of the Properties. If the Default reasonably requires more than ninety (90) days to cure, however, then the time available to the Tax Credit Investor and a Lender to cure pursuant to this Section 6.6 shall be the reasonable time required to complete such cure, as long as the Tax Credit Investor and the Lender has commenced the cure of the Default within such ninety (90) day period and diligently pursues the cure to completion. During such extension of time, the Authority shall not terminate this Agreement or exercise other remedies under this Agreement by reason of such Default. All Developer Specific Defaults shall be deemed cured upon transfer of Developer's interest in the Properties to the Tax Credit Investor and the Lender, its assignee or nominee, pursuant to exercise of remedies under Developer's limited partnership agreement or a Permitted Security Instrument. In addition, the Tax Credit Investor and any Lender properly completing the Project with the consent of Authority shall be entitled, upon written request made to Authority, to a Certificate of Completion from Authority. Nothing contained in this Agreement shall be deemed to permit, authorize or require the Tax Credit Investor and any Lender to undertake or continue the Construction or installation of any portion of the Project (beyond the extent necessary to conserve or protect improvements or Construction already made) prior to or after acquiring title to or possession of the Properties, without expressly assuming Developer's obligations under this Agreement by written agreement reasonably satisfactory to the Authority, in which the Tax Credit Investor and the Lender agrees to complete, in the manner provided in this Agreement, the Project. The Tax Credit Investor and any Lender desiring to complete the Project must provide the Authority with evidence reasonably satisfactory to the Authority that the Tax Credit Investor and the Lender has the qualifications (or will engage one or more licensed contractor(s) or consultant(s) with such qualifications) and financial capability necessary to perform such obligations.

6.7.3 No Termination of Permitted Security Instruments by Default. An Event of Default by Developer under this Agreement shall not defeat or render invalid the lien of any Permitted Security Instrument made in good faith and for value as to all or any part of the Properties, whether or not the Lender is subordinated to this Agreement; but unless otherwise provided in this Agreement, this Agreement shall be binding and effective against any owner of the Properties, whose title thereto is acquired pursuant to exercise of remedies under a Permitted Security Instrument or from a Person exercising any such remedies.

6.7.4 Lender Rights on Termination or Modification. No termination of this Agreement shall be binding upon a Lender unless the termination occurs after Notice to such Lender and such Lender's failure to cure all then existing Defaults under this Agreement (except any Developer Specific Defaults), pursuant to this Section 6.6, or with such Lender's prior written consent. No modification of this Agreement that materially affects the rights of a Lender shall be binding upon the Lender without its prior written consent.

6.7.5 No Construction Obligation of Lender. The Tax Credit Investor and a Lender shall in no way be obligated by the provisions of this Agreement to construct or complete the development of the Project or to guarantee such construction or completion, but may do so pursuant to and in accordance with this Section 6.6. Nothing in this Agreement shall be deemed to construe, permit, or authorize the Tax Credit Investor and any Lender to devote all or any portion of the Properties to any uses, or to construct any improvements thereon, other than those uses or the Project provided for or authorized by this Agreement.

6.7.6 Authority Right to Cure Obligations. In the event of a Default by Developer under any Permitted Security Instrument, prior to the date of issuance of a Certificate of Completion for the Project, where the Lender has not exercised its option to complete the Project under Section 6.7.2, the Authority may cure the Default of Developer under the applicable Permitted Security Instrument, but is under no obligation to do so, prior to completion of any sale or foreclosure of all or any portion of the Properties under the applicable Permitted Security Instrument. The Authority shall be entitled to reimbursement from Developer of all costs and reasonable expenses incurred by the Authority in curing any Default of Developer under any Permitted Security Instrument, under demand. Any amount expended by the Authority to cure a Default of Developer under any Permitted Security Instrument that is not reimbursed to the Authority by Developer within thirty (30) calendar days after Notice of such amount to Developer, shall accrue Default Interest, until paid in full.

6.7.7 Foreclosure of Permitted Security Instrument. Foreclosure of any Permitted Security Instrument, whether by judicial proceedings or by power of sale, or any conveyance by deed in lieu of foreclosure, shall not require the consent of the Authority or constitute a Default under this Agreement.

7. REMEDIES AND INDEMNITY

7.1 DEVELOPER'S RIGHT TO SPECIFIC PERFORMANCE AND LIMITATION ON RECOVERY OF DAMAGES PRIOR TO CLOSE OF ESCROW.

7.1.1 ELECTION OF REMEDIES. DURING THE CONTINUANCE OF AN EVENT OF DEFAULT BY AUTHORITY UNDER THIS AGREEMENT, DEVELOPER SHALL BE LIMITED TO EITHER OF THE FOLLOWING REMEDIES: (1) AN ACTION AGAINST AUTHORITY FOR SPECIFIC PERFORMANCE OF THIS AGREEMENT; OR (2) TERMINATION OF THIS AGREEMENT SUBJECT TO SECTION 8.12 BELOW, UNDER NO CIRCUMSTANCES SHALL AUTHORITY BE LIABLE TO DEVELOPER UNDER THIS AGREEMENT FOR ANY SPECULATIVE, CONSEQUENTIAL, COLLATERAL, SPECIAL, PUNITIVE OR INDIRECT DAMAGES OR FOR ANY LOSS OF PROFITS SUFFERED OR CLAIMED TO HAVE BEEN SUFFERED BY DEVELOPER.

7.1.2 WAIVER OF RIGHTS. AUTHORITY AND DEVELOPER EACH ACKNOWLEDGE AND AGREE THAT AUTHORITY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT, IF IT WERE TO BE LIABLE TO DEVELOPER FOR ANY MONETARY DAMAGES, MONETARY RECOVERY OR ANY REMEDY DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AUTHORITY PRIOR TO THE CLOSE OF ESCROW. ACCORDINGLY, AUTHORITY AND DEVELOPER AGREE THAT THE REMEDIES SPECIFICALLY PROVIDED FOR IN SECTION 7.1.1 ARE REASONABLE UNDER THE CIRCUMSTANCES AND, SUBJECT TO SECTION 8.12 BELOW, SHALL BE DEVELOPER'S SOLE AND EXCLUSIVE RIGHTS AND REMEDIES DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AUTHORITY . DEVELOPER WAIVES ANY RIGHT TO PURSUE ANY REMEDY OR DAMAGES OTHER THAN THOSE SPECIFICALLY PROVIDED IN SECTION 7.1.1.

7.1.3 CIVIL CODE SECTION 1542 WAIVER. DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 7.1, WHICH CIVIL CODE SECTION READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

7.1.4 ACKNOWLEDGMENT. BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 AND ALL OTHER STATUTES AND JUDICIAL DECISIONS (WHETHER STATE OR FEDERAL) OF SIMILAR EFFECT SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 7.1.

INITIALS OF AUTHORIZED

DEVELOPER REPRESENTATIVE

7.1.5 **STATEMENT OF INTENT.** CALIFORNIA CIVIL CODE SECTION 1542 NOTWITHSTANDING, IT IS THE INTENTION OF DEVELOPER TO BE BOUND BY THE LIMITATION ON DAMAGES AND REMEDIES SET FORTH IN THIS SECTION 7.1, AND DEVELOPER HEREBY RELEASES ANY AND ALL CLAIMS AGAINST AUTHORITY FOR MONETARY DAMAGES, MONETARY RECOVERY OR OTHER LEGAL OR EQUITABLE RELIEF RELATED TO ANY EVENT OF DEFAULT UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 7.1, WHETHER OR NOT ANY SUCH RELEASED CLAIMS WERE KNOWN OR UNKNOWN TO DEVELOPER AS OF THE EFFECTIVE DATE OF THIS AGREEMENT.

7.2 Legal Actions. Either Party may institute legal action, at law or in equity, to enforce or interpret the rights or obligations of the Parties under this Agreement or recover damages, subject to the provisions of Section 7.1.

7.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this Agreement are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or the same rights or remedies for any other Default by the other Party.

7.4 Indemnification.

7.4.1 **Authority Indemnity Obligations.** Authority shall Indemnify the Developer Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of the Authority Parties, but only to the extent that Authority may be held liable under applicable law for such wrongful intentional act or negligence and exclusive of any violation of law (including the State Constitution) relating to Authority's approval, entry into or performance of this Agreement. Nothing in this Agreement is intended nor shall be interpreted to waive any limitation on Authority's liability, any exemption from liability in favor of Authority, any claim presentment requirement for bringing an action regarding any liability of Authority or any limitations period applicable to liability of Authority, as set forth in Government Code Sections 800, *et seq.*, Sections 900, *et seq.*, or in any other law or require Authority to Indemnify any Person beyond such limitations on Authority's liability.

7.4.2 **Developer Indemnity Obligations.** Developer shall Indemnify the Authority Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of the Developer Parties. Developer shall also Indemnify the Authority Parties against any and all of the following: (a) any Application made by or at Developer's request; (b) any agreements that Developer (or anyone claiming by or through Developer) makes with a Third Person regarding the Properties or the Project; (c) any workers compensation claim or determination relating to any employee of the Developer Parties or their contractors; (d) any Prevailing Wage Action relating to this Agreement or the Project; and (e)

any Environmental Claim attributable to any action or failure to act by the Developer Parties following the Close of Escrow.

7.4.3 Independent of Insurance Obligations. Developer's indemnification obligations under this Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations under this Agreement. Developer's obligation to Indemnify Authority Parties under this Agreement is independent of Developer's insurance and other obligations under this Agreement. Developer's compliance with its insurance obligations and other obligations under this Agreement shall not in any way restrict, limit, or modify Developer's indemnification obligations under this Agreement and are independent of Developer's indemnification and other obligations under this Agreement.

7.4.4 Survival of Indemnification and Defense Obligations. The indemnity and defense obligations of the Parties under this Agreement shall survive the expiration or earlier termination of this Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Agreement are fully, finally, absolutely and completely barred by applicable statutes of limitations.

7.5 Indemnification Procedures. Wherever this Agreement requires any Indemnitor to Indemnify any Indemnitee:

7.5.1 Prompt Notice. The Indemnitee shall promptly Notify the Indemnitor of any Claim.

7.5.2 Selection of Counsel. The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the Claim and its defense. The Indemnitee's separate counsel may attend all proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel. The Indemnitor and its counsel shall, however, control the defense, except to the extent that the Indemnitee waives its rights to indemnity and defense for such Claim.

7.5.3 Cooperation. The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

7.5.4 Settlement. The Indemnitor may only settle a Claim without the consent of Indemnitee, if the Claim is within the policy limits of applicable insurance policies provided in satisfaction of the requirements of this Agreement and such settlement procures a release of Indemnitee from the subject Claims, does not require Indemnitee to make any payment to the claimant and neither Indemnitee nor Indemnitor on behalf of Indemnitee admits any liability. Notwithstanding the immediately preceding sentence or any other provision of this Agreement, the Indemnitee's consent shall be required to settle any and all Claims under Builder's Risk Insurance.

7.6 Developer Covenant to Defend this Agreement. The Developer acknowledges that the Housing Authority is a “public entity” and/or “public agency” as defined under applicable California law. Therefore, the Housing Authority must satisfy the requirements of certain California statutes relating to the actions of public entities and public agencies including, without limitation, CEQA. Also, as a public body, the Housing Authority’s action in approving this Agreement may be subject to proceedings to invalidate this Agreement or mandamus. The Developer assumes the risk of delays and damages that may result to the Developer from any third-party legal actions related to the Housing Authority’s approval of this Agreement or the pursuit of the activities contemplated by this Agreement, even in the event that an error or omission by the Housing Authority is determined to have occurred.. Subject to Section 8.12 below, if a third-party files a legal action regarding the Housing Authority’s approval of this Agreement or the pursuit of the activities contemplated by this Agreement, either the Housing Authority may terminate this Agreement on thirty (30) days written notice to the Developer of the Housing Authority’s intent to terminate this Agreement, referencing this Section 7.6, without any further obligation to perform the terms of this Agreement and without any liability to the Developer resulting from such termination, unless the Developer unconditionally agrees to indemnify and defend the Housing Authority, with legal counsel acceptable to the Housing Authority, against such third-party legal action, as provided in the next sentence. Within thirty (30) days of receipt of the Housing Authority’s notice of intent to terminate this Agreement, as provided in the preceding sentence, the Developer may offer to defend the Housing Authority, with legal counsel reasonably acceptable to the Housing Authority, in the third-party legal action and pay all of the court costs, attorney fees, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action. Any such offer from the Developer must be in writing and reasonably acceptable to the Housing Authority in both form and substance. Nothing contained in this Section 7.6 shall be deemed or construed to be an express or implied admission that the Housing Authority is liable to the Developer or any other person or entity for damages alleged from any alleged or established failure of the Housing Authority to comply with any statute, including, without limitation, CEQA. The Developer’s defense of such third party actions as described in this Section 7.6 shall constitute an Unavoidable Delay.

8. GENERAL PROVISIONS

8.1 Notices, Demands and Communications Between the Parties.

8.1.1 **Notices.** Any and all Notices submitted by any Party to another Party pursuant to or as required by this Agreement shall be dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, or by a nationally recognized overnight (one business day) courier service, marked for next business day delivery to the address of the Party, as set forth in Section 8.1.2. Such Notice may be sent in the same manner to such other addresses as any Party may from time to time designate by Notice. Any Notice shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, two (2) calendar days after it is placed in the United States mail, or if sent by overnight delivery service, on the next day on which such service makes next-business-day deliveries after the date of sending, as provided in this Section 8.1. Rejection, other refusal to accept or the inability to

deliver any Notice because of a changed address of which no Notice was given or other action by a Person to whom Notice is sent, shall be deemed receipt of the Notice.

8.1.2 **Addresses.** The following are the authorized addresses for the submission of Notices to the Parties, as of the Effective Date:

To Developer: Tina Pacific I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Ave. Suite #900
Irvine, CA 92612
Attn: Frank Cardone
Facsimile: _____

With a courtesy copy to: Related/Tina Pacific I Development Co., LLC
18201 Von Karman Ave. Suite #900
Irvine, CA 92612
Attn: Frank Cardone
Facsimile: _____

cc: Bocarsly Emden Cowan
Esmail & Arndt LLP
633 W. Fifth St., 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly, Esq.

To Authority: Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director
Facsimile: (714) 890-1443

With a courtesy copy to: Best Best & Krieger LLP
18101 Von Karman Ave Suite 1000
Irvine, CA 92612
Attn: Elizabeth Hull, Stanton Housing
Authority Counsel
Facsimile: (949) 260-0972

8.2 Conflict of Interest. No member, official or employee of the Authority having any conflict of interest, direct or indirect, related to this Agreement, the Properties, or the development or operation of the Project shall participate in any decision relating to this

Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

8.3 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any Third Person to any Party or give any Third Person any right of subrogation or action over or against any Party.

8.4 Warranty Against Payment of Consideration for Agreement. Developer warrants that it has not paid or given, and will not pay or give, any Third Person any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section 8.4, shall not include Persons to whom fees are paid for professional services, if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by Developer, respectively.

8.5 Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in Default, or considered to be a Default, where delays or Defaults are due to the force majeure events of war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes or lack of transportation, weather-caused delays, inability to secure necessary labor, materials or tools, delays of any contractors, subcontractor or supplier, which are not attributable to the fault of the Party claiming an extension of time to prepare or acts or failure to act of any Government (“**Enforced Delay**”). An extension of time for any such force majeure cause shall be for the period of the Enforced Delay and shall commence to run from the date of occurrence of the delay; provided however, that the Party which claims the existence of the delay has first provided the other Party with written notice of the occurrence of the delay within thirty (30) calendar days of the commencement of such occurrence of delay. The inability of Developer to satisfy any condition of this Agreement relating to the Construction of the Project shall not be deemed to be a force majeure event or otherwise provide grounds for the assertion of the existence of a delay under this Section 8.5. The Parties to this Agreement expressly acknowledge and agree that changes in either general economic conditions or changes in the economic assumptions of any of them which may have provided a basis for entering into this Agreement and which occur at any time after the execution of this Agreement, are not force majeure events and do not provide any Party with grounds for asserting the existence of a delay in the performance of any covenant or undertaking which may arise under this Agreement. Each Party expressly assumes the risk that changes in general economic conditions or changes in such economic assumptions relating to the terms and covenants of this Agreement could impose an inconvenience or hardship on the continued performance of such Party under this Agreement, but that such inconvenience or hardship is not a force majeure event and does not excuse the performance by such Party of its obligations under this Agreement.

8.6 Inspection of Books and Records. Authority shall have the right at all reasonable times, at the Authority’s cost and expense, to inspect the books and records of Developer pertaining to the construction of the Project or the Properties as necessary for the Authority, in its reasonable discretion, to enforce its rights under this Agreement. Matters discovered by

Authority shall not be disclosed to third parties, unless required by law or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of Authority hereunder.

8.7 Approvals. Except as otherwise provided in this Agreement, approvals required of Authority or Developer, or any officers, agents or employees of Authority or Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in this Agreement or, if no time is given, within a reasonable time.

8.8 Effect. This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors and assigns.

8.9 Further Assurances. The Parties agree to reasonably consider such additional actions or the execution of such other documents as may be reasonably necessary or convenient to the financing, development, and operation of the Project, although nothing in this Section 8.9 shall be deemed a representation, guaranty or commitment by any Party to take any action or execute any document.

8.10 Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the Authority so long as such actions do not materially or substantially change the number of the units in the Project, the affordability of the units in the Project (as further provided in the Regulatory Agreement), reduce the length of affordability of the units in the Project (as further provided in the Regulatory Agreement), or add to the costs incurred or to be incurred by Authority as specified herein. Notwithstanding any other provision of this Agreement, the Executive Director shall have the authority to approve amendments to this Agreement to ensure compliance with all laws, including but not limited to SB 341. The Executive Director reserves the right, in its sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the governing board of the Authority if the Executive Director determines or believes that such action could increase the risk, liability or costs to Authority, or change the affordability covenants or reduce the length of affordability of the Project.

8.11 Entire Agreement. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Properties and the development thereof.

8.12 Reimbursement of Developer. Notwithstanding anything to the contrary contained in this Agreement, if, prior to the Close of Escrow, this Agreement is terminated for any reason other than the default of the Developer, then the Authority shall reimburse the Developer for third party costs (excluding in-house staff time and overhead) it or its affiliates have incurred with respect to the Properties and/or the Project following September 12, 2013. Notwithstanding the foregoing, in no event shall the Authority's obligation to reimburse the Developer under this Section 8.12 exceed the sum of \$153,750. Prior to receiving any payment pursuant to this Section, Developer shall submit a written demand for payment and provide

documentation, reasonably satisfactory to the Authority, supporting each expense incurred for which the Developer is requesting reimbursement.

8.13 Exhibit List. The following is a list of the Exhibits attached to this Agreement. Each of the exhibits referenced in this Section 8.12 is incorporated by this reference into the text of this Agreement.

<u>Exhibit A-1</u>	Authority Properties Legal Description
<u>Exhibit A-2</u>	Acquisition Properties Legal Description
<u>Exhibit B</u>	Property Map
<u>Exhibit C</u>	Escrow Agent Consent
<u>Exhibit D</u>	Project Budget
<u>Exhibit E</u>	Form of Deed
<u>Exhibit F</u>	Regulatory Agreement
<u>Exhibit G</u>	Authority Note
<u>Exhibit H</u>	Authority Deed of Trust
<u>Exhibit I</u>	Project Scope of Development
<u>Exhibit J</u>	Notice of Agreement
<u>Exhibit K</u>	Certificate of Completion
<u>Exhibit L</u>	Developer Official Action
<u>Exhibit M</u>	Schedule of Performance
<u>Exhibit N</u>	Loan Components

8.14 Waivers and Amendments. All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the appropriate authorities of each Party to this Agreement.

8.15 Execution of Agreement. This Agreement may be executed in multiple counterpart originals each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the Parties regarding the acquisition, Construction and operation of the Project on the Properties.

[Signatures on following pages]

**SIGNATURE PAGE
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

Authority and Developer have signed this Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I) by and through the signatures of their authorized representative(s) set forth below:

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
James A. Box
Executive Director

Date: _____

ATTEST:

Secretary

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

Authority Counsel

SIGNATURE PAGE
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)

DEVELOPER:

TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Tina Pacific I Development Co., LLC,
 a California limited liability company
 its administrative general partner

Frank Cardone, President

EXHIBIT A-1
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)

AUTHORITY PROPERTIES LEGAL DESCRIPTION

- The Authority Rental Properties are as follows:
 - 8911 Pacific Avenue
 - 8930 Pacific Avenue
 - 8931 Pacific Avenue
 - 8940 Pacific Avenue
 - 8941 Pacific Avenue
 - 8950 Pacific Avenue
 - 8951 Pacific Avenue
- The Authority Vacant Properties are as follows:
 - 8930 Tina Way
 - 8940 Tina Way
 - 8950 Tina Way
 - 8960 Tina Way
 - 8970 Tina Way
 - 8901 Pacific Avenue - Property leased to Community Action Partnership of Orange County (“CAPOC”)
 - 8910 Pacific Avenue – Property leased to IF
 - 8920 Pacific Avenue – Property leased to IF
 - 8970 Pacific Avenue

EXHIBIT A-2
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)
ACQUISITION PROPERTIES LEGAL DESCRIPTION

The following eight (8) properties are targeted by the Authority for acquisition:

- 8900 Tina Way
- 8910 Tina Way
- 8920 Tina Way
- 8900 Pacific Avenue
- 8921 Pacific Avenue
- 8960 Pacific Avenue
- 8961 Pacific Avenue
- 8971 Pacific Avenue

**EXHIBIT B
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

PROPERTY MAP

[Attached behind this cover page]

EXHIBIT C
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)

ESCROW AGENT CONSENT

Old Republic Title Company accepts that certain Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I), dated as of **[TO BE DETERMINED]**, by and between the Stanton Housing Authority, a public body, corporate and politic, and Tina Pacific I Housing Partners, L.P., a California limited partnership, and agrees to act as “Escrow Agent” pursuant to such agreement and agrees to be bound by all provisions of such agreement applicable to it as the Escrow Agent.

ESCROW AGENT:

_____ Title Company

By: _____

Name: _____

Its: _____

Dated: _____

Notice Address:

EXHIBIT D
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)
PROJECT BUDGET

EXHIBIT E
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)
FORM OF DEED

[Attached behind this cover page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Tina Pacific I Housing Partners, L.P.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED
(Tina Pacific Neighborhood Revitalization Phase I)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

STANTON HOUSING AUTHORITY, a public body, corporate and politic
("Grantor"),

does hereby grant to

TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership
("Grantee"),

that certain real property in the City of Stanton, County of Orange, State of California,
specifically described in Exhibit "1" attached to this Grant Deed ("Property") and made a part of
this Grant Deed by this reference,

SUBJECT TO that certain Disposition and Development Agreement (Tina Pacific
Neighborhood Revitalization Phase I), dated _____, entered into between Grantor and
Grantee ("Disposition and Development Agreement"), and the covenants and retained and
reserved rights and interests in the Property in favor of Grantor set forth in the Disposition and
Development Agreement that shall run with the land of the Property and bind Grantee and all
successive owners of all or any portion of the Property.

INCORPORATION OF DISPOSITION AND DEVELOPMENT AGREEMENT
DEFINITIONS. Any terms indicated to be defined terms by initial capitalization in this Grant Deed that are not specifically defined in this Grant Deed shall have the meaning ascribed to the same term, respectively, in the Disposition and Development Agreement.

Dated: _____

STANTON HOUSING AUTHORITY, a
public body, corporate and politic

By: _____

James A. Box
Executive Director

EXHIBIT “1”
TO
GRANT DEED
(Tina Pacific Neighborhood Revitalization Phase I)

Property Legal Description

[Attached behind this cover page]

CERTIFICATE OF ACCEPTANCE OF GRANT DEED

This is to certify that the interest in real property conveyed by the foregoing Grant Deed from the STANTON HOUSING AUTHORITY, a public body, corporate and politic, to TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership, is hereby accepted by the undersigned, who consents to the recordation of such Grant Deed in the official records of the County of Orange, California.

TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Tina Pacific I Development Co., LLC,
 a California limited liability company
 its administrative general partner

By: _____
 [NAME, TITLE]

By: [INSERT AFFORDABLE HOUSING ACCESS SINGLE-PURPOSE ENTITY OR
 SIMILAR NON-PROFIT PARTNER],
 a [INSERT TYPE OF ENTITY],
 its managing general partner

By: _____
 [NAME, TITLE]

**EXHIBIT F
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

REGULATORY AGREEMENT

[Attached behind this cover page]

**EXHIBIT G
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

AUTHORITY NOTE

[Attached behind this cover page]

PROMISSORY NOTE SECURED BY DEED OF TRUST

Principal Amount:

Date of Note: _____, 2017

Borrower: TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership

Lender: STANTON HOUSING AUTHORITY, a public body, corporate and politic

Maturity Date: _____

Interest Rate: One Percent (1%) (simple)

FOR VALUE RECEIVED, the undersigned TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership (“**Borrower**”), whose address is _____, promise to pay, at the times stated in this Note, to the order of the STANTON HOUSING AUTHORITY (“**Lender**”), the principal sum of _____ (“**Loan**”), together with simple interest on the unpaid principal balance of this Note from time to time outstanding at an annual simple rate of one percent (1%) from the date of advance until fully paid at 7800 Katella Avenue, Stanton, California 90680, or at such other place as Lender may designate to Borrower in writing.

1. **Reference to Agreement.** This Note is made by Borrower to the order of Lender pursuant to that certain Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I), dated _____, by and between Borrower and Lender (the “**Agreement**”). In the event of any conflict between the terms of this Note and the terms of the Agreement, the terms of the Agreement shall control.

2. **Definitions.** All words, terms or phrases indicated to be defined words, terms or phrases by initial capitalization in this Note that are not specifically defined in this Note shall have the meaning given to the word, term or phrases in the Agreement. As used in this Note, the following words, phrases and terms shall have the following meaning:

2.1 “Gross Revenue” means and refers to all revenue, income, receipts, and other consideration actually received from the use, operation or occupancy of the Project. “Gross Revenue” shall include, but not be limited to: all rents, fees and charges paid by tenants, as well as other rental subsidy payments received for the Units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project (or applied toward the cost of recovering such proceeds). “Gross Revenue” shall also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Project as well as all other revenue, income and receipts of every kind that accrue or are accounted for on an accrual basis in conformity with generally accepted accounting principles. “Gross Revenue” shall not include tenants’ security deposits, loan proceeds, capital contributions or similar advances interest on security deposits and required reserves, sales proceeds, and the proceeds of loans, refinancings, condemnation, insurance claims and partner capital contributions.

2.2 “Project Operating Expenses” means and refers to the following costs actually incurred for operation and maintenance of the Project: (i) the cost of utilities supplied to and used for the Project and payable by Developer; (ii) the cost of all insurance required for the Project; (iii) real property taxes, if any, and assessment payments; (iv) funds paid toward property management fees in an amount not to exceed the greater of \$50/unit/month or six percent (6%) of the annual Gross Revenue; (v) expenses and costs of social programs, if any, paid to third party service providers or any general partner of Developer providing such service, and compliance/monitoring reporting or related or required by or paid to an investor of the Project; (vi) all other reserves and other amounts required to be paid, in the amount required by the Tax Credit Investor or the Senior Lender and/or Authority; (vii) on-site administrative costs (including payroll and payroll taxes and expenses, employee benefits); (viii) maintenance and repair expenses and services (including materials and labor) including charges for public services such as sewer charges, license and permit fees, goods, commodities, materials, equipment, furniture, furnishings, fixtures, painting, cleaning, pest control, gardening, rubbish removal, security services, advertising and promotion, leasing commissions, accounting, audit, tax preparation and legal expenses attributable to the Project which are directly attributable and customarily incurred in the operation of real estate projects similar to the Project; (ix) all scheduled payments of principal and/or interest, late charges and all other payments due the Senior Lender, together with all fees, costs, expenses and related charges payable by Developer under the terms of the loan documents of the Senior Lender including, without limitation, issuer fees, trustee fees, remarketing fees, and rebate analyst fees, interest rate cap deposits and credit enhancer charges; (xi) any tax credit adjuster payments to the limited partner(s); and (x) partnership management fees and asset management fees payable to the partners of Borrower not to exceed \$30,000, per annum (increasing by 3% per annum commencing on August 1, 2018). “Project Operating Expenses” shall not include the following: advances to the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties, depreciation, amortization, depletion or other non-cash expenses or any amount expended from a reserve account. The calculation of Project Operating Expenses shall be subject to the reasonable approval of the Lender.

2.3 “Residual Receipts” means and refers to the remainder resulting from Gross Revenue after payment of: (i) Project Operating Expenses; (ii) deferred developer fee payments; and (iii) repayments of any advances previously made to Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties necessary for the rehabilitation or operation of the Project; provided, however, that the interest rate charged on such advances shall not exceed ten percent (10%) or such other amount as approved by the Housing Authority Executive Director.

2.4 “Senior Lender” means the holder of any note secured by a deed of trust recorded against the Property which is senior in priority to the deed of trust securing the Loan and any other third party lender to the Borrower as may be permitted pursuant to the Agreement.

3. **Loan Disbursement.** Lender shall disburse the Loan to Borrower in accordance with the Agreement.

4. **Interest.** Interest on the unpaid balance of this Note will accrue from the date of disbursement of the Loan at the rate set forth above.

5. **Form of Payment.** All sums due under this Note are payable in lawful money of the United States and the other terms and conditions of this Note and the Deed of Trust.

6. **Method of Calculating Interest.** Interest shall be computed based on a 365-day year and the actual number of days elapsed.

7. **Payment of Principal and Interest.** Commencing on May 1 of the first year following completion of construction as evidenced by issuance of a certificate of occupancy, and on said date of each year thereafter for the term of the Loan, Developer shall make payments to Authority equal to fifty percent (50%) of the Residual Receipts for the prior calendar year (or, for the first calendar year, the pro rata share of Residual Receipts, prorated from the date of the conversion of the Construction Loan to the Permanent Loan to December 31), to the extent Residual Receipts exist. Payment(s) shall be credited first against accrued interest and then against outstanding principal and shall be accompanied by a written report by Developer documenting the calculation of Residual Receipts for the previous calendar year ending December 31. Developer shall provide Authority with any documentation reasonably requested by Authority to substantiate Developer's determination of the Residual Receipts. Any outstanding principal amount and all accrued and unpaid interest under this Note shall be due and payable from Borrower to Lender on the fifty-fifth (55) anniversary of the recordation of the Certificate of Completion ("**Maturity Date**").

8. **Application of Payments.** Each payment under this Note shall be credited in the following order: (a) costs, fees, charges and advances paid or incurred by Lender under this Note or the Deed of Trust or otherwise payable to Lender by Borrower under this Note or the Deed of Trust, in such order as Lender elects, in Lender's sole and absolute discretion; (b) accrued interest; and (c) principal due under this Note.

9. **Prepayment.** The principal and interest under this Note may be prepaid at any time, without penalty; provided, however, that any such prepayment shall have no effect on the application of the Agreement or the Regulatory Agreement to the Property.

10. **Secured by Deed of Trust.** This Note is secured by, among other things, that certain Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement; Request for Notice ("**Deed of Trust**") of even date herewith made by Borrower, as trustor, to _____ as trustee, for the benefit of Lender, as beneficiary.

11. **Subordination.** This Note and the Deed of Trust securing this Note shall be subject and subordinate to the Senior Lender(s), as previously disclosed to Lender by Borrower; Lender's shall execute a subordination agreement in favor of the Senior Lender(s) in forms reasonably requested by such lenders; provided, however, that Lender reserves the right to review, modify and negotiate, in good faith, the terms and conditions of such subordination agreements.

12. **Interest on Default.** From and after a Default or the Maturity Date (either according to the terms of this Note or as the result of an acceleration of the then unpaid principal balance under the terms of this Note), the entire unpaid principal balance of this Note shall automatically bear an annual interest rate (instead of the rate set forth above) equal to the lesser of: (a) eight percent (8%); or (b) the maximum interest rate allowed by law (“**Default Rate**”).

13. **Default.** Any of the following shall constitute an Event of “**Default**” under this Note: (a) Borrower’s failure to pay any installment or other sum due under this Note within fifteen (15) days after Lender delivers written notice to Borrower of such failure (provided that a Default shall not exist if there are no Residual Receipts); or (b) any breach of any other promise or obligation in this Note, the Deed of Trust, the Regulatory Agreement or the Agreement or in any other instrument now or hereafter securing the indebtedness evidenced by this Note; provided, however, that Lender has given Borrower thirty (30) days notice to Borrower describing the default in reasonable detail in which to cure the Default, and such Default not having been cured within 30 days (or, if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said 30 day period and pursued with reasonable diligence thereafter). On and following any Event of Default, Lender may, in Lender’s sole and absolute discretion, declare this Note (including, without limitation, all accrued interest) immediately due and payable regardless of the Maturity Date.

14. **Collection Costs.** Borrower agrees to pay the following costs, expenses, and attorney fees paid or incurred by Lender, or adjudged by a court: (a) reasonable costs of collection and costs, expenses, and attorney fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; (b) reasonable costs, expenses, and attorney fees paid or incurred in connection with representing Lender in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors’ rights and involving this Note; and (c) costs of suit and such sum as the court may adjudge as reasonable attorney fees in any action to enforce or collect payment of this Note or any portion thereof.

15. **Waiver.** Borrower, endorsers, and all other Persons liable or to become liable on this Note waive presentment, protest, and demand; notice of protest, demand, and dishonor; and all other notices or matters of a like nature. No extension of time for payment of this Note made by agreement by Lender with any Person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part. The provisions of this Note and the obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

16. **Notice.** Any notice required to be provided under this Note shall be given in writing and shall be sent: (a) for personal delivery by a delivery service that provides a record of the date of delivery, the individual to whom delivery was made, and the address where delivery was made; (b) by first-class certified United States mail, postage prepaid, return receipt requested; or (c) by a nationally recognized overnight (one business day) courier service, marked for next business day delivery. All notices shall be addressed to the Person to whom such notice is to be given at the property address stated in the Deed of Trust or to such other address as a Person may designate by written notice. All notices shall be deemed effective on the earliest of: (i) actual receipt; (ii) rejection of delivery; (iii) if sent by certified mail, the second (2nd) day on

which regular United States mail delivery service is provided after the date of mailing; or (iv) if sent by overnight delivery service, on the next day on which such service makes next-business-day deliveries after the date of sending.

17. **Forbearance Not a Waiver.** If Lender delays in exercising or fails to exercise any of its rights under this Note, that delay or failure shall not constitute a waiver of any Lender rights or of any breach, Default, or failure of condition under this Note. No waiver by Lender of any of its rights or of any such breach, Default, or failure of condition shall be effective, unless the waiver is expressly stated in a writing signed by Lender.

18. **Assignment.** This Note inures to and binds the heirs, legal representatives, successors, and assigns of Borrower and Lender; provided, however, that Borrower may not assign this Note nor any proceeds of it, nor assign or delegate any of its rights or obligations under this Note, except as otherwise permitted in the Agreement, without Lender's prior written consent in each instance, which consent may be given, withheld, delayed or conditioned in Lender's sole and absolute discretion. Lender, in its sole and absolute discretion, may transfer this Note and may sell or assign participations or other interests in all or any part of this Note, all without notice to or the consent of Borrower.

19. **Governing Law.** This Note shall be construed and enforceable according to the laws of the State of California for all purposes, without application of conflicts or choice of laws principles or statutes.

20. **Usury.** To the extent that the indebtedness evidenced by this Note is determined not to be exempt from the usury laws of the State of California, all agreements between Borrower and Lender are expressly limited, so that in no event or contingency, whether because of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or retention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances, fulfillment of any provision of this Note or any other agreement pertaining to this Note, after timely performance of such provision is due, shall involve exceeding the limit of validity prescribed by law that a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity. If, under any circumstances, Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Note and not to pay interest, or, if such excessive interest exceeds the unpaid principal balance under this Note, such excess shall be refunded to Borrower. This provision shall control every other provision of all agreements between Borrower and Lender.

21. **Non-Revolving Credit.** This Note evidences a non-revolving loan from Lender to Borrower. The accrued and unpaid interest and principal balance owing on this Note at any time may be evidenced by an unpaid balance acknowledgment of Lender on this Note or by the internal accounting records of Lender regarding this Note.

22. **Waiver of Statute of Limitations.** The pleading of any statute of limitations as a defense to the obligations or enforcement of the obligations evidenced by this Note is waived to the fullest extent permissible by law.

23. **Time Is of the Essence.** Time is of the essence with respect to all obligations of Borrower under this Note.

24. **Cross-Default.** Any Event of Default by Borrower as to the Agreement, the Regulatory Agreement and the Deed of Trust, in Lender's sole and absolute discretion, constitute an Event of Default under this Note.

25. **Severability.** If any provision of this Note, or the application of it to any Person or circumstance, is held void, invalid, or unenforceable by a court of competent jurisdiction, the remainder of this Note, and the application of such provision to other Persons or circumstances, shall not be affected thereby, the provisions of this Note being severable in any such instance.

26. **Recourse.** Notwithstanding anything to the contrary set forth herein, in the Regulatory Agreement, the Agreement or the Deed of Trust, the Loan, Authority's sole recourse against Borrower shall be to exercise any remedies under the Deed of Trust or any other document given for security hereunder. No deficiency judgment may be obtained against the Borrower.

27. **Acknowledgment.** PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTANDS ALL OF ITS PROVISIONS AND HAS CONSULTED WITH LEGAL COUNSEL OF BORROWER'S INDEPENDENT SELECTION REGARDING BORROWER'S OBLIGATIONS UNDER THIS NOTE. BORROWER AGREES TO THE TERMS AND CONDITIONS OF THIS NOTE AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS NOTE.

[Signatures on following page]

BORROWER:

TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Tina Pacific I Development Co.,
LLC, a California limited liability company,
its administrative general partner

By: _____
Frank Cardone, President

By: [INSERT AFFORDABLE HOUSING
ACCESS SINGLE-PURPOSE ENTITY OR
SIMILAR NON-PROFIT PARTNER], a [INSERT
TYPE OF ENTITY],
its managing general partner

By: _____
[NAME, TITLE]

**EXHIBIT H
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

AUTHORITY DEED OF TRUST

[Attached behind this cover page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

**DEED OF TRUST, ASSIGNMENT OF LEASES
AND RENTS, FIXTURE FILING, AND
SECURITY AGREEMENT; REQUEST FOR NOTICE**

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, FIXTURE FILING, AND SECURITY AGREEMENT; REQUEST FOR NOTICE ("**Deed of Trust**") is made as of _____, 201____, by and among TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership, whose address is _____ ("**Trustor**"), CITY OF STANTON, as trustee ("**Trustee**"), and the STANTON HOUSING AUTHORITY, a public body, corporate and politic, as beneficiary ("**Beneficiary**"), and is executed to secure that certain Promissory Note of even date herewith, in the principal amount of [INSERT AMOUNT] ("**Note**"), executed by Trustor in favor of Beneficiary, the provisions of which are incorporated into this Deed of Trust by this reference.

To secure the full and timely payment of the Note and the full and timely performance and discharge of all obligations of Trustor under the Note, Trustor hereby IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, the following property ("**Trust Estate**"):

(a) All of that certain real property in the City of Stanton, County of Orange, State of California, more particularly described in Exhibit "1" attached hereto and by this reference made a part hereof ("**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property ("**Improvements**");

(c) All tenements, hereditament, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights ("**Appurtenances**"). (Appurtenances, together with the Subject Property and the Improvements, are hereafter collectively referred to as the "**Real Property**");

(d) Subject to the assignment to Beneficiary set forth in Section 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management operation, leasing or occupancy of the Trust Estate, including those past due and unpaid ("**Rents**");

(e) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code ("**UCC**"), whether existing now or in the future) located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, rehabilitation, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property ("**Goods**," and together with the Real Property, collectively the "**Property**"); and

(f) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, rehabilitation, maintenance, management operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate): (i) permits, approvals and other governmental authorizations; (ii) the Scope of Development and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (collectively, "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security

agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9502 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following: (a) payment of the Note, plus any accrued interest; and (b) due, prompt and complete observance, performance and discharge of each and every monetary and non-monetary condition, obligation, covenant and agreement contained herein or contained in the following agreements between Trustor ("Developer" therein) and Beneficiary ("Authority" therein) related to the Trust Estate: (i) Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I) dated _____, 201__ (the "DDA") The DDA, Note and Regulatory Agreement (collectively, "**Secured Obligations**") and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof, however evidenced.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall perform the obligations of the Developer as set forth in the Secured Obligations at the time and in the manner respectively provided therein.

2. That Trustor shall not permit or suffer the use of any of the Trust Estate for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.

3. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. This Deed of Trust shall cover, and the Trust Estate subject hereto shall include, all real and personal property now or hereafter affixed or attached to or incorporated upon the Subject Property in, to or under which Trustor now has or hereafter acquires any right, title or interest, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Subject Property.

To the extent any of the property subject to this Deed of Trust consists of rights in action or personal property covered by the UCC, this Deed of Trust shall also constitute a security agreement, and Trustor hereby grants to Beneficiary, as secured party, a security interest in such property, including all proceeds thereof, for the purpose of securing the Secured Obligations. In addition, for the purpose of securing the Secured Obligations, Trustor hereby grants to Beneficiary, as secured party, a security interest in all of the property described herein in, to, or under which Trustor now has or hereafter acquires any right, title or interest, whether present, future or contingent, including, but not limited to, all equipment, inventory, accounts, general intangibles, instruments, documents and chattel paper, as those terms are defined in the UCC, and all other personal property of any kind (including, without limitation, money and rights to the payment of money), whether now existing or hereafter created, that are now or at any time hereafter: (i) in the possession or control of Beneficiary in any capacity; (ii) erected upon, attached to or appurtenant to the Subject Property; (iii) located or used on the Subject

Property or identified for use on the Subject Property (whether stored on the Subject Property or elsewhere); or (iv) used in connection with, arising from, related to, or associated with the Subject Property or any of the personal property described herein, the rehabilitation of any improvements on the Subject Property, the ownership, development, maintenance, management or operation of the Subject Property, the use or enjoyment of the Subject Property or the operation of any business conducted thereon, including, without limitation, all such property described as the Trust Estate hereinabove.

The security interests granted in this Section 3 are hereinafter severally and collectively called the “**Security Interest**”. The Security Interest shall be self-operative with respect to the real property described herein but Trustor shall execute and deliver on demand such additional security agreements, financing statements and other instruments as may be requested in order to impose the Security Interest more specifically upon the real and personal property encumbered hereby. The Security Interest, at all times, shall be prior to any other interest in the personal property encumbered hereby. Trustor shall act and perform as necessary and shall execute and file all security agreements, financing statements, continuation statements and other documents requested by Beneficiary to establish, maintain and continue the perfected Security Interest. Trustor, on demand, shall promptly pay all costs and expenses of filing and recordation, to ensure the continued priority of the Security Interest.

Trustor shall not sell, transfer, assign or otherwise dispose of any personal property encumbered hereby without obtaining the prior written consent of Beneficiary, except that the Trustor may, in the ordinary course of business, replace personal property or dispose of personal property that will not be replaced because of its obsolescence. Unless Beneficiary then agrees otherwise in writing, all proceeds from any permitted sale or disposition in excess of that required for full replacement shall be paid to Beneficiary to be applied on the Note. Although proceeds of personal property are covered hereby, this shall not be construed to mean that Beneficiary consents to any sale of such personal property. Upon its recordation in the real property records of Orange County, this Deed of Trust shall be effective as a financing statement filed as a fixture filing. In addition, a carbon, photostatic or other reproduced copy of this Deed of Trust and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement.

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor, so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations.

5. That upon default hereunder or under the Secured Obligations, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom.

6. That Trustor will keep the improvements now existing or hereafter erected on the Subject Property insured against loss by fire and such other hazards, casualties, and

contingencies as may be required by applicable provisions of the Secured Obligations, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies, if requested, shall be deposited with the Beneficiary.

7. To pay before delinquency any taxes and assessments affecting the Trust Estate; to pay, when due, all encumbrances, charges and liens, with interest, on the Trust Estate or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Deed of Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. As it is provided more specifically in the Secured Obligations, to keep said property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law and/or covenants, conditions and/or restrictions affecting said property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon said property without the consent of the Beneficiary.

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, at Trustor's sole cost and expense. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees.

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the sums secured hereby.

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure, at the highest rate of interest permitted by law.

13. That the funds to be advanced hereunder are to be used in accordance with applicable provisions of the Secured Obligations; upon the failure of Trustor to do so, after the giving of notice and the expiration of any applicable cure period, Trustor shall be in default hereunder.

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as authorized by Beneficiary and/or as provided in the Secured Obligations and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the rehabilitation of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within forty-five (45) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request prior to foreclosure) record in the Office of the Recorder of Orange County, a surety bond in the amount required by law to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary.

15. That any and all improvements made or about to be made upon the premises covered by this Deed of Trust and all plans and specifications and the Scope of Development, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

16. Trustor confirms that if Trustor should sell, enter into a contract of sale, convey, or in any way transfer all or any interest of Trustor in the Real Property encumbered by this Deed of Trust or suffer Trustor's title or any interest therein to be divested, whether voluntarily or involuntarily, unless the same is a Permitted Transfer as defined in the Agreement, without the prior written consent of the Beneficiary being first obtained, then Beneficiary shall have the right, at Beneficiary's sole option, to declare all sums payable under the Note secured hereby immediately due and payable in full, irrespective of the maturity date otherwise specified in said Note. No waiver of this right shall be effective unless in writing and signed by the Beneficiary. Consent by the Beneficiary to any one such transaction shall not be deemed a waiver of the right to require such consent to future or successive transactions. Further, upon default under one of the Secured Obligations, and after the giving of notice and the expiration of

any applicable cure period provided therein, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be immediately due and payable in full, irrespective of the maturity date otherwise specified in said Note.

17. Subject to the rights of senior lienholders, if any, as provided more specifically in the Secured Obligations, should the Trust Estate or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary.

18. Upon default by Trustor in taking any action or in making any payments provided for herein, or in the Secured Obligations, if Trustor shall fail to perform any covenant or agreement in this Deed of Trust within 30 days after written demand therefor by Beneficiary (or, in the event that more than 30 days is reasonably required to cure such default, should Trustor fail to promptly commence such cure, and diligently prosecute same to completion, which shall be determined by Beneficiary in Beneficiary's sole and absolute discretion), after the giving of notice and the expiration of any applicable cure period, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby.

19. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of: (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps

on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate allowed by law; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto.

20. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

21. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

22. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

23. The trust created hereby is irrevocable by Trustor.

24. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future successor in interest to Beneficiary. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several.

25. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

26. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the address set forth in the Deed of Trust.

27. Trustor agrees at any time and from time to time, upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and

occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

28. Trustor agrees that the obligations secured by this Deed of Trust are made expressly for the purpose of financing the acquisition of the Property and the rehabilitation and operation of the improvements on the Property, including the 4 dwelling units and their maintenance as affordable housing, as more specifically provided in the Secured Obligations.

29. As is provided more specifically in the Secured Obligations, the obligations of Trustor thereunder are nonrecourse obligations of the Trustor. Neither Trustor nor any of its principals, nor any other party, shall have any personal liability for payment of obligations arising from the Secured Obligations, except as specifically provided therein. The sole recourse of Beneficiary shall be the exercise of its rights against the Property except as otherwise provided in the Secured Obligations and any related security.

30. Notwithstanding the provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; acts of terrorism, insurrection; strikes, lockouts, riots, floods; earthquakes; fires; casualties; acts of God; acts of the public enemy, epidemics; quarantine restrictions; freight embargos or lack of transportation, weather-caused delays, inability to secure necessary labor, materials or tools, delays of any contractors, subcontractor or supplier, which are not attributable to the fault of the Party claiming an extension of time to prepare or acts of failure of any Government ("Enforced Delay"). An extension of time for any such force majeure cause shall be for the period of the Enforced Delay and shall commence to run from the date of occurrence of the delay; provided however, that the Party which claims the existence of the delay has first provided the other Party with written notice of the occurrence of the delay within thirty (30) calendar days of the commencement of such occurrence of delay.

31. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

32. Default.

(a) Subject to the extensions of time set forth in Section 30, and subject to the further provisions of this Section 32, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If an event of default occurs under the terms of this Deed of Trust, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under this Deed of Trust. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within thirty (30) days after the notice of default is first given.

(e) If an event of default occurs under the terms of the Secured Obligations, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor notice of such default. As is provided more specifically in the Secured Obligations, if the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by the Beneficiary under the Secured Obligations, or this Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

[Signatures on following page]

IN WITNESS WHEREOF, Trustor has executed and delivered this Deed of Trust as of the date first written above.

TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Tina Pacific I Development Co.,
LLC, a California limited liability company,
its administrative general partner

By: _____
Frank Cardone, President

By: [INSERT AFFORDABLE HOUSING
ACCESS SINGLE-PURPOSE ENTITY OR
SIMILAR NON-PROFIT PARTNER], a [INSERT
TYPE OF ENTITY],
its managing general partner

By: _____
[NAME, TITLE]

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

**EXHIBIT “I”
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

PROJECT SCOPE OF DEVELOPMENT

[Attached behind this cover page]

**EXHIBIT “J”
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

NOTICE OF AGREEMENT

[Attached behind this cover page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

NOTICE OF AGREEMENT

Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I)

TO ALL INTERESTED PERSONS PLEASE TAKE NOTICE that as of _____, Stanton Housing Authority, a public body, corporate and politic ("Authority"), and Tina Pacific I Housing Partners, L.P., a California limited partnership ("Developer") entered into an agreement entitled Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I) ("Agreement"). A copy of the Agreement is on file with the City Clerk and is available for inspection and copying by interested persons as a public record of the City of Stanton ("City") at the City's offices located at 7800 Katella Avenue, Stanton, California, during the regular business hours of the City.

The Agreement affects the real property described in Exhibit "1" attached to this Notice of Agreement ("Project Site"). The meaning of defined terms, indicated by initial capitalization, used in this Notice of Agreement shall be the same as the meaning ascribed to such terms, respectively, in the Agreement.

PLEASE TAKE FURTHER NOTICE that the Agreement contains certain covenants running with the land of the Project Site and other agreements between Developer and Authority affecting the Project Site, including, without limitation (all section references are to the Agreement):

4.1 Developer Covenant to Develop Project. Developer covenants to and for the exclusive benefit of the Authority that Developer shall commence, pursue and complete the development of the Project in accordance with the deadlines and other requirements of this Agreement, including but not limited to the Schedule of Performance. Developer covenants and agrees for itself, its successors and assigns that the Properties shall be improved and developed with the Project, in conformity with the terms and conditions of this Agreement and all applicable Laws and conditions of each Government. The covenants of this Section 4.1 shall run with the Properties, until the date of issuance of a Certificate of Completion for the Project.

THIS NOTICE OF AGREEMENT is dated as of _____, 2018, and has been signed and made by and on behalf of Developer and Authority by and through the

signatures of their authorized representative(s) set forth below. This Notice of Agreement may be signed in counterparts and each counterpart shall, collectively, be deemed to be one original instrument.

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
James A. Box
Executive Director

Attest:

By: _____
Secretary

Approved as to form:

BEST BEST & KRIEGER LLP

By: _____
Authority Counsel

DEVELOPER:

TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Tina Pacific I Development Co.
LLC, a California limited liability
company, its administrative general
partner

Frank Cardone, President

By: [INSERT AFFORDABLE HOUSING
ACCESS SINGLE-PURPOSE ENTITY
OR SIMILAR NON-PROFIT
PARTNER], a [INSERT TYPE OF
ENTITY], its managing general partner

By:

[NAME, TITLE]

EXHIBIT “1”
TO
NOTICE OF AGREEMENT

Project Site Legal Description

[Attached behind this cover page]

**EXHIBIT K
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

CERTIFICATE OF COMPLETION

[Attached behind this cover page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

CERTIFICATE OF COMPLETION

I, James A. Box, Executive Director of the Stanton Housing Authority ("Authority"), certify on behalf of the Authority as follows:

Section 1. This Certificate of Completion is made with respect to that certain Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I) entered into by and between the Stanton Housing Authority, a public body, corporate and politic, and Tina Pacific I Housing Partners, L.P., a California limited partnership ("Developer") dated _____ ("Agreement"). The Agreement is an official record of Authority and a copy of the Agreement may be inspected in the City of Stanton City Clerk's office, located at 7800 Katella Avenue, Stanton, California, during regular business hours. All capitalized terms not otherwise defined in this certificate shall have the same meaning as ascribed to those terms in the Agreement.

Section 2. The eighty three (83) unit affordable housing rental project ("Project") required to be rehabilitated in accordance with the Agreement on that certain real property ("Property") described on Attachment No. 1 to this Certificate of Completion has been completed in accordance with the provisions of the Agreement.

Section 3. Pursuant to Section 4.11 of the Agreement, this Certificate of Completion is a conclusive determination of the satisfactory completion of Developer's obligation to complete the Project on the Property; provided, however, that Authority may enforce any covenants and obligations surviving this Certificate of Completion in accordance with the terms and conditions of the Agreement and Regulatory Agreement.

[Signatures on following page]

DATED AND ISSUED this ____ day of _____, 201__.

By:

James A. Box
Executive Director

ATTEST:

Secretary

ATTACHMENT NO. 1
TO
CERTIFICATE OF COMPLETION

Legal Description of the Property

**EXHIBIT L
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

DEVELOPER OFFICIAL ACTION

[Attached behind this cover page]

CERTIFICATION OF L.P. AUTHORITY

The undersigned general partners of Tina Pacific I Housing Partners, L.P. (the “LP”), do certify that we are all of the general partners of the LP and that there are no other general partners.

We further certify that any one (1) of the following named persons, individually:

[INSERT NAMES]

be, and they are, authorized and empowered for and on behalf of and in the name of the LP to execute and deliver that certain Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I), dated _____, 2018, between the Stanton Housing Authority, a public body, corporate and politic (“**Authority**”), and the LP (the “**Agreement**”), to purchase certain real property located in the City of Stanton, California, as specifically described in the Agreement, and all other documents to be executed by the LP in connection with the transactions contemplated in the Agreement, and to take all actions that may be considered necessary to conclude the transactions contemplated in the Agreement and perform the other obligations of the LP pursuant to the Agreement.

The authority conferred shall be considered retroactive, and any and all acts authorized in this document that were performed before the execution of this Certificate are approved and ratified. The authority conferred shall continue in full force and effect until the Authority shall have received notice in writing from the LP of the revocation of this Certificate.

We further certify that the activities covered by the foregoing certifications constitute duly authorized activities of the LP; that these certifications are now in full force and effect; and that there is no provision in any document under which the LP is organized and/or that governs the LP continued existence, limiting the power of the undersigned to make the certifications set forth in this certificate, and that such certifications are in conformity with the provisions of all such documents.

LP General Partners:

**EXHIBIT M
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

SCHEDULE OF PERFORMANCE

[Attached behind this cover page]

EXHIBIT M
TO DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)

SCHEDULE OF PERFORMANCE

<u>Task/Event</u>	<u>Time of Performance</u>
1. Effective Date of the Agreement Pursuant to Section 1.1.40, Authority shall execute the Agreement if and when all of the following have occurred: (a) Authority has received three (3) counterpart originals of the Agreement, (b) Authority has received a certified copy of the Developer Official Action (Exhibit L), and (c) the Agreement is approved by the governing board of Authority.	Not later than August 15, 2018.
2. Basic Conceptual Drawings Developer shall prepare and submit basic conceptual, preliminary drawings to Authority for review and approval.	(COMPLETED)
3. Construction Drawings Developer shall submit Construction Drawings for the Project to Authority for review.	On or before one hundred and fifty (150) days after Developer obtains a preliminary reservation of Tax Credits.
4. Approval of Construction Drawings Authority shall review and approve, approve with conditions or disapprove Developer's Construction Drawings for the Project.	Within ten (10) business days of receipt.
5. Termination of Existing Tenancy Pursuant to Section 2.11, Authority shall cause all occupants to vacate the premises at least two (2) months prior to the Close of Escrow.	At least two (2) months prior to the scheduled Close of Escrow.
6. Closing Documents in Final Form Developer shall deliver all of the documents listed in Section 3.4.1 in final form to Authority	At least three (3) calendar days before the Close of Escrow.

- | | | |
|-----|---|--|
| 7. | Close of Escrow
Pursuant to Sections 3.3 and 3.4, escrow shall close when all Conditions to Close of Escrow have been satisfied or waived by the benefited party. | Within two (2) days of notification by Authority and Developer to Escrow that all Conditions to Close of Escrow are satisfied and/or waived and Developer's financing is ready to close. |
| 8. | Obtain Building Permits
Developer shall, at its own expense, secure any and all permits and approvals required for the construction of the Project. | Not later than ten (10) business days after the Close of Escrow. |
| 9. | Commence Construction
Pursuant to Section 1.1.92, Developer shall commence construction of the Project. | Not later than ten (10) days after Close of Escrow. |
| 10. | Project Completion Date
Developer shall complete construction of the Project. | Within thirty-six (36) months from the Project Commencement Date. |

**EXHIBIT N
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Tina Pacific Neighborhood Revitalization Phase I)**

LOAN COMPONENTS

[Attached behind this cover page]

Authority Demolition/Remediation (Completed Work)	
Authority owned/demolished properties	\$279,724
Remediation of authority owned/demolished properties	\$13,500
Total	\$293,224
Relocation	
Authority Completed Relocation Work of Demolished Properties	\$439,200
Authority Completed Relocation Work of Non-Demolished Properties	\$0
Authority Relocation Work of Remaining Properties (Estimate)	\$1,674,283
<i>Relo of Authority owned/tenant occupied properties</i>	\$867,414
<i>Relo of Authority non-owned properties targeted for acquisition</i>	\$806,869
Relocation Consultant (Estimate)	\$115,000
Total	\$2,228,483
EIR, and Appraisal	
Environmental Impact Report (EIR)	\$142,000
Appraisal	\$10,000
Total	\$152,000
Acquisition	
Authority - Already Purchased Properties (Completed)	\$10,655,155
Authority - Remaining Properties to be Purchased (Estimate)	\$6,800,000
Total Purchase Price	\$17,455,155
Total Acquisition, Demolition, Remediation, Relocation, EIR, and Appraisal	\$20,128,862

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

**REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING
(Tina Pacific Neighborhood Revitalization Phase I)**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, CONDITIONS AND RESTRICTIONS RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING (Tina Pacific Neighborhood Revitalization Phase I) ("**Regulatory Agreement**") is dated as of _____, 201__ for reference purposes only, and is entered into by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and TINA PACIFIC I HOUSING PARTNERS, L.P., a California limited partnership ("**Developer**"). Authority and Developer are sometimes referred to in this Regulatory Agreement individually as a "**Party**" or collectively as the "**Parties.**" Authority and Developer enter into this Regulatory Agreement with reference to the following recited facts (each a "**Recital**"):

RECITALS

A. Pursuant to the Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I), dated _____, 201__, by and between Authority and Developer ("**DDA**"), Developer purchased from Authority that certain real property located in the City of Stanton, State of California, as more particularly described in Exhibit A attached to this Regulatory Agreement and incorporated herein by this reference ("**Property**").

B. The Authority acquired a portion of the Property from the former Stanton Redevelopment Agency ("**Agency**"). Pursuant to Health and Safety Code Section 34172, the Agency was dissolved on February 1, 2012, and the Agency's housing functions and assets, including the Property, were transferred to the Authority pursuant to Health and Safety Code Section 34176. The transfer of the Property from the dissolved Agency to the Authority was approved on the Authority's Housing Asset Transfer form submitted to and approved by the California Department of Finance.

C. Developer desires to construct the Tina Pacific Neighborhood Revitalization

Phase I project on the Property consisting of an eighty-three (83) unit residential development that would include the new construction of fifty (50) two bedroom units, one of which will be occupied by an on-site property manager, and thirty-three (33) three bedroom units that are rented to low income households (the “**Project**”).

D. In order to assist in the acquisition of the Property and construction of the Project, the Authority agreed to make funds available to Developer from Authority’s Low and Moderate Income Housing Asset Fund in the form of a residual receipts loan in the amount of Twenty million one hundred twenty eight thousand eight hundred sixty two dollars (\$20,128,862) (“**Authority Loan**”).

E. As the Project will be assisted by the Authority in its role as the housing successor to the Agency through the Authority Loan, pursuant to Senate Bill 341 (“**SB 341**”) 30% of the Authority’s funds received pursuant to the redevelopment dissolution law be spent for development of rental housing affordable to and occupied by households earning 30% or less of area median income (“**AMI**”) and no more than 20% of the funds may be spent for the development of housing affordable to and occupied by households earning between 60% and 80% AMI. Further, SB 341 requires that California Department of Housing and Community Development (“**HCD**”) maximum income and rent limits apply to the Project. As such, the Project will be subject to the most restrictive calculation of maximum tenant income and affordable rent between HCD and the California Tax Credit Allocation Committee (“**TCAC**”) programs.

F. In accordance with SB 341, the Project shall be restricted to the following affordability levels: (i) 21 units are restricted at 30% HCD/TCAC AMI, (ii) 9 units are restricted at 45% HCD/TCAC AMI, (iii) 33 units are restricted at 50% HCD/TCAC AMI, and (iv) 19 units are restricted at 60% HCD/TCAC AMI. One Manager Unit will be provide free of charge.

G. This Regulatory Agreement shall, subject to the terms and conditions set forth herein, restrict the use of the Property until the passage of fifty-five (55) years following the recordation of the Certificate of Completion to ensure that each Unit to be constructed within the Project shall, at all times until expiration of such fifty-five (55) year period, be occupied or reserved for occupancy by a Qualified Household at an Affordable Rent, exclusive of the Manager Unit.

H. Developer is willing to enter into this Regulatory Agreement, and to impose the conditions, covenants, restrictions and agreements set forth in this Regulatory Agreement upon the ownership and operation of the Property and the Project that will bind the Property, the Project, Developer, and Developer’s successors and assigns, to assure Authority of the operation of the Project for the purpose of increasing and improving the supply of affordable rental housing in the Authority’s jurisdictional boundaries and the surrounding communities.

I. The purpose of this Regulatory Agreement is to create such conditions, covenants, restrictions, reservations, agreements, liens, servitudes and charges upon the Property and the Project and subject to which each and every part of the Property and the Project shall be developed, occupied, owned, maintained, held, leased, rented, sold and conveyed.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES SET FORTH IN THIS REGULATORY AGREEMENT, AUTHORITY AND DEVELOPER AGREE AS FOLLOWS:

TERMS

1. **DEFINED TERMS.** As used in this Regulatory Agreement, the following words, phrases and terms shall have the meaning as provided in the initial paragraph of this Regulatory Agreement, the Recitals or as follows, unless the specific context of usage of a particular word, phrase or term may otherwise require:

1.1 **Affordable Rent.** Subject to Section 2.12 below, Affordable Rent means:

1.1.1 With respect to twenty-one (21) units, Affordable Rent shall mean the maximum rent for “extremely low income households” as defined in California Health and Safety Code Section 50053(b)(1) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

1.1.2 With respect to nine (9) units, Affordable Rent shall mean the maximum rent for households that do not exceed forty-five percent (45%) of AMI, adjusted for family size and revised annually, with allowance for utilities, as such allowance may be established by the County.

1.1.3 With respect to thirty-three (33) units, Affordable Rent shall mean the maximum rent for “very low income households” as defined in California Health and Safety Code Section 50053(b)(2) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

1.1.4 With respect to nineteen (19) units, Affordable Rent shall mean the maximum rent for “lower income households” as defined in California Health and Safety Code Section 50053(b)(3) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

1.2 **AMI.** The area median income for Orange County, as determined by and published by the California Department of Housing and Community Development (HCD) published in Title 25, Section 6932 of the California Code of Regulations, as amended from time to time or if no longer determined by HCD, then as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.

1.3 **Annual Report.** A report in substantially the form of Exhibit C attached to this Regulatory Agreement or in such other form as subsequently reasonably required by Authority.

1.4 **Applicant.** An individual or household that completes and submits an application for occupancy of a Unit as a Qualified Household.

1.5 **Application.** Any agreement, application, certificate, document, or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, certificate of occupancy, utility service or hookup, easement, covenant, condition, restriction, subdivision, or such other instrument as Developer may reasonably request for the Project; or (b) to enable Developer to seek any Approval or to use and operate the Project in accordance with the DDA and this Regulatory Agreement.

1.6 **Approval.** Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law to commence, perform, or complete the Construction of the Project.

1.7 **Authority.** The Stanton Housing Authority, a public body, corporate and politic.

1.8 **Automobile Liability Insurance.** Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used by the Developer regarding the Project, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, conditioned or delayed.

1.9 **Available.** When a Unit is held available for occupancy by a Qualified Household. A Unit shall be considered to be held available for occupancy by a Qualified Household, until occupied or reoccupied by a Qualified Household appropriate to the income category of the Unit, provided that Developer is exercising bona fide good faith efforts to let or relet the Unit to a Qualified Household.

1.10 **Bankruptcy Law,** Title 11, United States Code, and any other or successor State or Federal statute relating to assignment for the benefit of creditors, appointment of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.11 **Bankruptcy Proceeding.** Any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

1.12 **Builder's Risk Insurance.** Builder's risk or course of construction insurance covering all risks of loss, less policy exclusions, on a completed value (non-reporting) basis, in an amount sufficient to prevent coinsurance, but in any event not less than one hundred percent (100%) of the completed value of the construction of the Project, including cost of debris removal (subject to a policy sublimit), but excluding foundation and excavations. Such insurance shall also: (a) grant permission to occupy; and (b) cover, for replacement cost, all materials on or about any offsite storage location intended for use in, or in connection with, the Property (subject to a policy sublimit).

1.13 **Claim.** Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award,

assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an Indemnitor improperly fails to provide a defense for an Indemnitee, then Legal Costs of counsel retained by the Indemnitee) and any judgment.

1.14 **Control.** Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity interests, by contract or otherwise.

1.15 **CPI.** The United States Department of Labor, Bureau of Labor Statistics "Consumer Price Index" for all Urban Consumers (CPI-U) published for the Los Angeles-Riverside-Orange County, California, Metropolitan Statistical Area, with a base of 1982-1984 = 100, or a successor index. If the CPI ceases to be published, with no successor index, then the Parties shall reasonably agree upon a reasonable substitute index. The CPI for any date means the CPI last published before the calendar month that includes such date.

1.16 **DDA.** The Disposition and Development Agreement (Tina Pacific Neighborhood Revitalization Phase I), dated _____, 201__, by and between Authority and Developer.

1.17 **Default.** The occurrence of any one or more of the following:

1.17.1 *Monetary Default.* A Monetary Default that continues for fifteen (15) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

1.17.2 *Reporting Default.* If Developer fails to deliver any Annual Report as and when required in Section 2.7.6 or fails or refuses to allow and cooperate with any Authority audit of Project Records in accordance with Section 2.10, each after ten (10) calendar days' Notice of such failure;

1.17.3 *Bankruptcy or Insolvency.* Developer admits in writing that it is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within one hundred twenty (120) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Developer's assets or Developer's interest in this Agreement (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within one hundred twenty (120) days);

1.17.4 *Transfer.* The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of the terms and conditions of this Regulatory Agreement or the DDA;

1.17.5 *Non-Monetary Default.* Any Non-Monetary Default, other than those specifically addressed in Sections 1.17.2, 1.17.3, or 1.17.6, that is not cured within thirty (30) days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the effective date of such Notice, if the Party

alleged to be in Default does not do all of the following: (a) within thirty (30) days after Notice of such Non-Monetary Default, advise the other Party of the intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (c) complete such cure within a reasonable time under the circumstances; or

1.17.6 *DDA Default.* Any “Event of Default” pursuant to the terms and conditions of the DDA, after the expiration of all applicable cure periods.

1.18 **Default Interest.** Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.19 **Developer.** Tina Pacific I Housing Partners, L.P., a California limited partnership, and any Person to whom Developer Transfers its interest in this Regulatory Agreement in compliance with the terms and conditions of this Regulatory Agreement.

1.20 **Environmental Law.** Any Law regarding any of the following at, in, under, above, or upon the Property: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, remediation, control, disposal, generation, storage, release, discharge, transportation, use of, or liability or standards of conduct concerning, Hazardous Substances, as now or may, at any later time, be in effect.

1.21 **Executive Director.** The Executive Director for Authority or his or her designee or successor in function.

1.22 **Foreclosure Event.** Defined in Section 3.15.7.

1.23 **Government.** Each and every governmental agency, authority, bureau, department, quasi-governmental body, or other entity or instrumentality having or claiming jurisdiction over the Property or the Project (or any activity this Regulatory Agreement requires or allows), including the government of the United States of America, the California and the County governments and their subdivisions and municipalities, including the City, the Authority, and all other applicable governmental agencies, authorities, and subdivisions thereof, any planning agency, board of standards and appeals, department of buildings, city council, zoning board of appeals, design review board or committee or similar body having or claiming jurisdiction over the Property or any activities on or at the Property.

1.24 **Hazardous Substance.** Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as “hazardous substances” pursuant to 33 U.S.C. § 1321; (c) defined as a “hazardous waste” under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*, as amended; (d) defined as a “hazardous substance” or “hazardous waste” under Section 101 of the Comprehensive Environmental

Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, *et seq.*, or any so-called “superfund” or “superlien” law; (e) defined as a “pollutant” or “contaminant” under 42 U.S.C. § 9601(33); (f) defined as “hazardous waste” under 40 C.F.R. Part 260; (g) defined as a “hazardous chemical” under 29 C.F.R. Part 1910; (h) any matter within the definition of “hazardous substance” set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act (“TSCA”) [15 U.S.C. Sections 2601, *et seq.*]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; (k) those substances listed in the United States Department of Transportation (DOT) Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code; (n) any substance defined as a “hazardous substance” in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material. Notwithstanding the foregoing, “Hazardous Substances” shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.25 Income Certification Form. A certification in substantially the form of Exhibit B attached to this Regulatory Agreement or in such other form as may be reasonably required by Authority.

1.26 Indemnify. Where this Regulatory Agreement states that any Indemnitor shall “indemnify” any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). “**Indemnified**” shall have the correlative meaning.

1.27 Indemnitee. Any Person entitled to be Indemnified under the terms of this Regulatory Agreement.

1.28 Indemnitor. A Party that agrees to Indemnify any other Person under the terms of this Regulatory Agreement.

1.29 Law. Every law, ordinance, requirement, order, proclamation, directive, rule, and regulation of any Government applicable to the Property or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Property or the Project, or relating to any taxes, or otherwise relating to this Regulatory Agreement or any Party’s rights, obligations or remedies under this Regulatory

Agreement, or any Transfer of any of the foregoing, whether in force on the date of this Regulatory Agreement or passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

1.30 **Legal Costs.** In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses, and consultant and expert witness fees and expenses.

1.31 **Lender.** The holder of any Security Instrument and its successors and assigns.

1.32 **Liability Insurance.** Commercial general liability insurance against claims for bodily injury, personal injury, death or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Ten Million Dollars (\$10,000,000) combined single limit and Five Million Dollars (\$5,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.33 **Maintenance Deficiency.** Defined in Section 3.11.2.

1.34 **Maintenance Standard.** Defined in Section 3.11.1

1.35 **Management Agent.** A Person with significant experience managing affordable rental housing projects substantially similar to the Project and that is, at the time, managing other financially self-supporting, successful affordable rental housing projects substantially similar to the Project. Related Management Company is approved as the Management Agent.

1.36 **Manager Unit.** One (1) Unit within the Project reserved exclusively for use by the on-site employee employed by the Management Agent, free-of-charge.

1.37 **Monetary Default.** Any failure by a Party to pay or deposit, when and as this Regulatory Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Regulatory Agreement, whether to or with the non-defaulting Party or a Third Person.

1.38 **Non-Monetary Default.** A Party's: (a) failure to perform any of its obligations under this Regulatory Agreement; (b) failure to comply with any affirmative or negative covenant or material restriction or prohibition in this Regulatory Agreement or the DDA, excepting any such failure constituting a Monetary Default; or (c) any other event or circumstance that, with the passage of time or giving of Notice, or both, or neither, would constitute a breach of this Regulatory Agreement.

1.39 **Notice.** Any consent, demand, designation, election, notice, or request relating to this Regulatory Agreement. All Notices must be in writing.

1.40 **Permanent Loan.** Any loan that the Developer shall obtain from a Lender, the proceeds of which are to be used and applied solely to pay: (1) the reasonable costs of obtaining such loan; (2) the then current outstanding principal and interest under Construction Financing; and (3) any reasonable and customary fees or charges of the Lender providing the construction financing relating to pay-off of the construction financing. The Permanent Loan shall be sized with a minimum debt coverage ratio of 1.20

1.41 **Permitted Encumbrance.** Any Permitted Security Instrument, the DDA, the TCAC Regulatory Agreement, any utility easements, temporary easements and other temporary encumbrances directly related to the Project, reciprocal access easement agreement between Phase I and future Phases of the Project, if any, Permanent Loan, Refinancing and any other document required or expressly allowed to be recorded against the Property by the express terms of this Regulatory Agreement or the DDA or otherwise approved by the Authority.

1.42 **Permitted Lender.** The holder of any Permitted Security Instrument.

1.43 **Permitted Security Instrument.** Any Security Instrument that (a) that encumbers only the Properties or any interest in the Properties; (b) that is held by a Lender that is an Institutional Lender, subject to the jurisdiction of the courts of the State, not immune from suit and cannot elect to be immune from suit; and (c) only secures: (i) the repayment of money used to pay or reimburse the Total Project Costs; (ii) Permanent Loan; (iii) a delivery assurance fee regarding a Permanent Loan that is refundable to Developer at the close of the Permanent Loan; or (iv) any Refinancing. Promptly after execution, Developer shall promptly delivery a copy of any Security Interest to the Authority, with the Lender's name and notice address..

1.44 **Permitted Transfer.** Any sale, transfer, assignment or conveyance of the Property or the Project that is approved by the Authority or is expressly permitted by the terms of this Regulatory Agreement or the DDA.

1.45 **Person.** Any association, corporation, governmental entity or agency, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization or other entity of any kind.

1.46 **Prevailing Wage Action.** Any of the following: (a) any determination by the State Department of Industrial Relations that prevailing wage rates should have been paid, but were not, (b) any determination by the State Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid, (c) any administrative or legal action or proceeding arising from any failure to comply with any of California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including maintaining certified payroll records pursuant to California Labor Code Section 1776, or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity, including pursuant to California Labor Code Section 1781.

1.47 **Prohibited Encumbrance.** Any mortgage, lien, deed of trust, security instrument, mechanic's lien, easement or other encumbrance recorded or asserted against the Property or the Project that is not a Permitted Encumbrance.

1.48 **Prohibited Transferee.** Any Person that Authority reasonably determines has any connection with any terrorist organization, any Person entitled to claim diplomatic immunity, any foreign governmental entity, except as reasonably approved by Authority, any Person that is immune or may elect to be immune from suit under California or Federal law, or any other Person that Authority reasonably disapproves.

1.49 **Project.** The development known as the Tina Pacific Neighborhood Revitalization Phase I, consisting of eighty-three (83) units with fifty (50) two bedroom units and thirty-three (33) three bedroom units in two-story stacked flats on grade, approximately 186 parking spaces, and an approximately 3,000 square foot community center with offices for management to be constructed on the Property by Developer in accordance with the DDA. The Project will include one unit for an on-site property manager. Developer shall partner with either LifeSTEPS, Project Access, or equivalent to design a social service program that is targeted to resident needs. If Project includes a pre-kindergarten building, Developer shall use good faith efforts to establish a pre-K program operated and funded by the Magnolia Union Elementary School District

1.50 **Project Records.** All books, statements, contracts and other records of Developer, any Affiliate and any Management Agent relating in any way to the acquisition, construction, use, occupancy or operation of the Property or the Project, including Income Certification Forms completed by applicants or tenants of the Project, Annual Reports, accounting of Project revenues, and accounting of Project expenses. All Project Records shall be prepared in accordance with industry standards and generally accepted accounting principles.

1.51 **Property.** That certain real property located within the City of Stanton, County of Orange, State of California, specifically described in the legal description attached as Exhibit A to this Regulatory Agreement, which is incorporated into this Regulatory Agreement by this reference.

1.52 **Property Insurance.** Insurance providing coverage for the Property and all improvements against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual Gross Income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.53 **Qualified Household.** An individual or family that meets the Affordable Rent requirements for an Available Unit.

1.54 **Refinancing.** Any loan secured by a Permitted Security Instrument that the Developer obtains from an Lender subsequent to recordation of the Permanent Loan for any of the

following purposes: (1) to pay off all or a portion of an existing loan secured by a Permitted Security Instrument where the Lender providing the new loan will disburse loan proceeds to or on behalf of Developer exceeding the amount of principal and interest under the existing loan being paid plus the amount of any reasonable and customary fees and costs associated with obtaining such new loan that are actually paid by Developer and not rebated or refunded to Developer the aggregate amount of such fees and costs not to exceed ten percent (10%) of the original principal amount of the new loan or other amount approved by the Executive Director of the Housing Authority; (2) disbursing funds to or on behalf of Developer without paying off any existing loan secured by a Permitted Security Instrument; or (3) any loan extension, modification or equivalent regarding an existing loan to Developer secured by a Permitted Security Instrument that results in the Lender of the existing loan disbursing additional loan proceeds to or on behalf of Developer in excess of the original principal amount of the loan.

1.55 Security Instrument. Any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Property, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.56 Term. The period of time beginning on the date of recordation of this Regulatory Agreement and ending on the fifty-fifth (55th) anniversary of the Certificate of Completion.

1.57 Third Person. Any Person that is not a Party, an Affiliate of a Party, or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.58 Transfer. Regarding any property, right or obligation means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect: (a) any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance); (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect Equity Interest(s) in the owner of such property, right or obligation by the holders of such Equity Interest(s) (other than (i) removal of one or more general partners of Developer in accordance with Developer's limited partnership agreement as in effect from time to time, (ii) an assignment by Developer's limited partner to an Affiliate, or the admission or transfer of interests within Developer's limited partner, and (iii) the admission of a managing general partner in Developer owned and/or controlled Affordable Housing Access, Inc. or another California nonprofit corporation); (c) any transaction described in "b" affecting any Equity Interest(s) or any other interest in such property, right or obligation or in any such owner (or in any other direct or indirect

owner at any higher tier of ownership) through any manner or means whatsoever (other than as set forth in parenthetical at the end of subsection (b)); or (d) any transaction that is in substance equivalent to any of the foregoing. A transaction affecting Equity Interests, as referred to in clauses “b” through “d,” shall be deemed a Transfer by the Developer even though the Developer is not technically the transferor. A “Transfer” shall not, however, include any of the following (provided that the other Party has received Notice of such occurrence) relating to the Property and/or any Equity Interest: (i) a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under federal income tax law and the State real estate transfer tax; (ii) a conveyance only to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit; (iii) a conveyance only to any Person that, as of the Effective Date, holds an Equity Interest in the entity whose Equity Interest is being transferred; (iv) the original sale of Equity Interests in Developer; or (v) a conveyance only to an Affiliate of Developer.

1.59 Unavoidable Delay. A delay in either Party performing any obligation under this Regulatory Agreement, except payment or deposit of money, arising from or on account of any cause whatsoever beyond the Party’s reasonable control, including strikes, labor troubles or other union activities, casualty, war, acts of terrorism, riots, litigation, governmental action or inaction, regional natural disasters or inability to obtain required materials. Unavoidable Delay shall not include delay caused by a Party’s financial condition, illiquidity, or insolvency.

1.60 Unit. Any residential accommodation within the Project, which shall be restricted by Developer for rental to and occupancy by a Qualified Household at an Affordable Rent, in accordance with the terms and conditions of the Regulatory Agreement, exclusive of the Manager Unit.

1.61 Usury Limit. The highest rate of interest, if any, that Law allows under the circumstances.

1.62 Waiver of Subrogation. A provision in, or endorsement to, any insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against either Party to this Regulatory Agreement for any loss such policy covers.

1.63 Workers Compensation Insurance. Workers compensation insurance complying with the provisions of State law and an employer’s liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of Developer and the Management Agent.

2. AFFORDABLE RENTAL HOUSING COVENANTS AND RESTRICTIONS

2.1 Developer Acknowledgment of Potential Impact of Regulatory Agreement. Developer acknowledges and agrees that this Regulatory Agreement imposes certain covenants, conditions and restrictions on the use and occupancy of the Property and the Project during the Term that may result in less than all of the Units being leased or rented and that may not constitute the highest and best use of the Property.

Initials of Authorized
Developer Representative(s)

2.2 Agreement to Record. Developer agrees that Authority may record this Regulatory Agreement against the Property in the official records of the Recorder of the County of Orange, California.

2.3 Reservation of Property for Affordable Housing. Developer covenants and agrees to reserve and restrict the Property for residential occupancy to Persons who, at the time of initial occupancy of a Unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are a Qualified Household. Developer covenants that each Unit (other than one manager's unit) shall be occupied or Available for occupancy by a Qualified Household at an Affordable Rent on a continuous basis throughout the Term. Only one (1) residential unit within the Project may be used as a Manager Unit at any given time. With the exception of the Manager Unit, and subject to Section 2.12, the Units shall be allocated as follows:

2.3.1 Twenty-one (21) units for Qualified Households that do not exceed thirty percent (30%) of AMI, defined as "extremely low income households" in California Health and Safety Code Section 50053(b)(1) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

2.3.2 Nine (9) units for Qualified Households that do not exceed forty-five percent (45%) of AMI, with allowance for utilities, as such allowance may be established by the County.

2.3.3 Thirty-three (33) units for Qualified Households that do not exceed fifty percent (50%) of AMI, defined as "very low income households" in California Health and Safety Code Section 50053(b)(1) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

2.3.4 Nineteen (19) units for Qualified Households that do not exceed sixty percent (60%) of AMI, defined as "lower income households" in California Health and Safety Code Section 50053(b)(1) and accompanying regulations of the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities, as such allowance may be established by the County.

2.4 Affordable Residential Rental Property Restrictive Covenant. Developer covenants to and for the benefit of Authority that Developer shall develop, own, manage and operate, or cause the management and operation of, the Project to provide residential rental housing available only to Qualified Households (other than one manager's unit) at an Affordable

Rent and for no other purposes, in accordance with this Regulatory Agreement. Developer hereby covenants to develop the Property with the Project. Developer will not knowingly permit any Unit to be used on a transient basis and will not lease or rent any Unit for an initial period of less than six (6) months. No Unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home, or for occupancy as a short term lodging unit.

2.5 Continuous Operation Covenant. Developer covenants to and for the benefit of Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Section 2, throughout the Term.

2.6 Abandonment. Developer shall not abandon or surrender the operation of all or any material part of the Project during the Term, except due to material casualty or condemnation.

2.7 Affordable Rent. The monthly rent charged to and paid by a Qualified Household for the occupancy of a Unit may never exceed an Affordable Rent applicable to such Qualified Household.

2.7.1 **Rent Increases.** Rent for Units may be increased only once per calendar year, based on changes in AMI; provided that the rent for each Unit must never exceed an Affordable Rent for the Unit.

2.7.2 **Determination of Household Income.** Determination of Qualified Household income shall be made by Developer at the time of initial application of an Applicant. At the time of initial application, Developer shall require an Applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. On or before January 1st of each calendar year during the Term and within sixty (60) days following the expiration of the Term, Developer shall require each Qualified Household occupying a Unit to recertify the Qualified Household's income on the Income Certification Form. Developer shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an Applicant for occupancy of a Unit or by a Qualified Household occupying a Unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the Applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the Applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the Applicant or a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 2.7.2, Developer may conclusively rely upon the evidence of the age of the occupant(s) of a Unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by Developer after obtaining the Applicant's or the Qualified Household's written consent for the release of such information to Developer. Failure to consent in writing to the release of such income verification information to Developer may disqualify an Applicant for

occupancy of a Unit or be grounds for termination of Qualified Household's occupancy of a Unit.

2.7.3 The Units are not specifically assigned to any particular Qualified Household income category. The restricted income level of each Unit may change as Units become vacant, a Qualified Household tenant's income changes or other Units are occupied by Qualified Households. In all circumstances, though, the rent for each Unit shall be an Affordable Rent for the Unit as necessary to maintain the restricted income tenant mix required under Section 2.3. If the income category of a Qualified Household upon recertification is different from the previous income category of the Qualified Household, Management Agent shall rent the next available Unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 2.3.

2.7.4 Developer shall maintain on file all Income Certification Forms completed by Applicants and Qualified Households that occupied or are occupying Units in accordance with Section 2.10.1 and shall provide copies of the rent roll and Income Certification Forms to Authority for its review and approval within fifteen (15) days following Notice by Authority to Developer.

2.7.5 Developer and each Qualified Household occupying a Unit shall permit Authority to conduct inspections of the Property, the Project and each Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon five (5) days prior written notice to Developer.

2.7.6 Developer shall submit its first Annual Report to Authority on the first year anniversary of the recordation of the Certificate of Completion. Thereafter, on the same date each year during the Term, Developer shall submit an Annual Report to Authority. Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualified Household occupying a Unit, to the extent reasonably allowed by Law, as determined by the Authority Attorney.

2.8 Developer Covenant Regarding Lease of Units. Developer, for itself, its successors and assigns, covenants and agrees that, if any Unit is rented or leased during the Term, the rental or lease of the Unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

2.8.1 A Qualified Household shall be the record tenant and only occupants of the Unit.

2.8.2 Developer shall, upon request of such prospective tenant, provide a legible copy of this Regulatory Agreement to each prospective tenant of any Unit, prior to entering into a lease with such tenant for any Unit.

2.8.3 The lease for each Unit shall expressly state that it is subject and subordinate to this Regulatory Agreement.

2.8.4 The lease for each Unit shall be for an initial period of not less than six (6) months.

2.8.5 The lease for each Unit shall not contain any of the following provisions:

(a) An agreement by the Qualified Household to be sued, to admit guilt or to the entry of a judgment in favor of Developer in a lawsuit brought in connection with the lease;

(b) An agreement by the Qualified Household that Developer may take, hold or sell personal property of any member(s) of the Qualified Household, without notice to the Qualified Household and a court decision on the respective rights of Developer and the member(s) of the Qualified Household, other than an agreement by the Qualified Household concerning disposition of personal property remaining in the Unit after the Qualified Household has moved out of the Unit;

(c) An agreement by the Qualified Household not to hold Developer or its agents legally responsible for any willful misconduct or negligence attributable to Developer or its agents;

(d) An agreement by the Qualified Household that Developer may institute a lawsuit, involving or affecting the Qualified Household or any of its members, without notice to the Qualified Household;

(e) An agreement by the Qualified Household that Developer may evict the Qualified Household without instituting a civil court proceeding in which the Qualified Household has an opportunity to present a defense before a court decision on the respective rights of Developer and the Qualified Household;

(f) An agreement by the Qualified Household to waive any right to a trial by jury;

(g) An agreement by the Qualified Household to waive the Qualified Household's right to appeal or to otherwise challenge a court decision in connection with the lease;

(h) An agreement by the Qualified Household to pay attorney's fees or other legal costs, even if the Qualified Household wins in a court proceeding by Developer against the Qualified Household; provided, however, the Qualified Household may be obligated to pay costs if the Qualified Household loses such a legal action;

(i) An agreement by the Qualified Household to pay one (1) or more security deposits (or the equivalent) totaling in excess of the amount of one month's rent for such Unit. Failure to pay any security deposit installment may constitute a breach of the lease.

2.8.6 Each lease for a Unit shall contain all of the following provisions:

(a) An agreement authorizing Developer to immediately terminate the tenancy of a Qualified Household occupying a Unit, where one or more members of that

Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

(b) An agreement providing that each Qualified Household occupying a Unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the Unit;

(c) An agreement providing that each Qualified Household occupying a Unit may be subject to rental increases in accordance with this Regulatory Agreement; and

(d) Providing that Developer will not discriminate on the basis of race, creed, color, gender, sexual orientation, national origin, ancestry, religion, marital status, age, disability or receipt of public assistance or housing assistance in connection with rental of a Unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

2.8.7 Developer shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) violations of the terms and conditions of the lease; (ii) for violation of applicable Federal, California, or local law; or (iii) for other good cause. Developer shall, in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household, serve written notice upon the Qualified Household specifying the grounds for the action in accordance with all applicable Laws and at least thirty (30) days before the effective date of the termination of the tenancy, unless the termination is pursuant to a legal action in unlawful detainer.

2.9 Tenant Selection Policies and Criteria. Developer shall adopt written tenant selection policies and criteria that:

2.9.1 are consistent with the purpose of providing affordable rental housing for Qualified Households at an Affordable Rent;

2.9.2 are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a Unit;

2.9.3 subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of individuals that are involuntarily displaced by activities of the Authority;

2.9.4 provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;

2.9.5 give prompt written notice to any rejected Applicant of the grounds for rejection;

2.9.6 provide for all of the Units to be Available for occupancy on a continuous basis to Qualified Households at an Affordable Rent;

2.9.7 do not give preference to any particular class or group of Persons in leasing or renting the Units, except as provided in 2.9.3 and to the extent that a tenant must be a Qualified Household;

2.9.8 provide that there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer or any Person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Property. Notwithstanding the immediately preceding sentence, with respect to familial status, this Section 2.9.8 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. All deeds, leases or contracts made or entered into by Developer as to the Units, the Project or the Property shall contain covenants prohibiting discrimination, as set forth in Health and Safety Code Section 33436(b).

2.9.9 provide for a statement in all advertisements, notices and signs for the availability of Units for lease or rent to the effect that Developer is an equal housing opportunity provider.

2.10 Project Records Retention; Audit and Examination Rights.

2.10.1 **Retention of Project Records.** Developer shall prepare and maintain and/or cause its Management Agent to prepare and maintain complete and accurate Project Records during the Term. Developer shall, at all times during the Term and for a period of six (6) years following the end of the Term, maintain and cause to be maintained by the Management Agent, safe and intact, all of the Project Records. From time to time, upon request from Authority, Developer shall make all Project Records, whether in the custody or control of Management Agent, available to Authority, the Authority's auditor, representative or agent for examination and copying at any reasonable time, on five (5) calendar days advance Notice. Developer shall also provide Authority any additional information concerning the Units, the Project or the Property reasonably requested by Authority.

2.10.2 **Audit Procedures.**

(a) Authority may cause an audit of any and all Project Records by an independent auditor of Authority's selection at Authority's sole cost and expense. Authority shall preserve the confidentiality of information contained in the Project Records, to the extent permitted by Law, as determined by the Authority Attorney.

(b) If Developer fails to provide any Annual Report to Authority, as and when required under Section 2.7.6, Developer shall be in Default under this Regulatory Agreement. Notwithstanding any other provision of this Regulatory Agreement, if Developer fails to deliver any Annual Report to Authority, within thirty (30) calendar days after Notice specifying such Default, Authority shall have the right, in addition to any other rights or

remedies Authority may have under this Regulatory Agreement regarding such Default, to conduct an audit of any and all Project Records to attempt to identify the information that should have been provided by Developer in such Annual Report. Developer shall reimburse Authority for the cost of any audit conducted pursuant to this Section 2.10.2(b), on Notice of such cost from Authority. Developer shall pay Default Interest to Authority on the amount of any audit cost becoming due to Authority from Developer pursuant to this Section 2.10.2(b), that is not paid within fifteen (15) calendar days following Notice requesting such payment, from the date of such Notice until paid in full.

2.10.3 The requirements of this Section 2.10 shall terminate upon foreclosure.

2.11 Compliance. Developer shall, during the Term and at Developer's sole cost and expense, in all material respects: (a) comply with all Laws; and (b) procure and comply with all Approvals required by Law.

2.12 Coordination with Tax Credit Rents and Incomes. The Developer and the Authority agree and acknowledge that the Project will be financed, in part, with the proceeds of Federal Low Income Housing Tax Credits ("Tax Credits") allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"). In the event of any conflict between the methodology of the calculation of income limits and/or rent limited between this Agreement and the policies, procedures and regulations of TCAC, the policies, procedures and regulations of TCAC shall control.

3. PROJECT MANAGEMENT

3.1 Management. Developer and Management Agent shall operate the Project in a manner that will provide decent, safe and sanitary residential facilities to the occupants of the Project, and will comply with all the provisions of this Regulatory Agreement, the DDA, any other applicable contract or agreement between the Authority and Developer, and all applicable Law. Developer shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size and income for Qualified Households occupying all Units, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Authority shall have no responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by an experienced Management Agent reasonably acceptable to Authority, with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing in a self-sufficient manner. The Authority hereby approves **Related Management Company, L.P.** as the Management Agent. For the purposes of this Regulatory Agreement, if Developer directly performs the functions of the Management Agent by its employees or by means of a service contract with an Affiliate, Developer's role as the Management Agent shall be deemed approved by Authority. If the Management Agent is a Person other than Developer or an Affiliate, Developer shall submit for Authority's approval the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by Authority. If the proposed Management Agent meets the standard for a qualified Management Agent under this Regulatory Agreement, Authority shall approve the proposed Management Agent by Notice to

Developer within thirty (30) days following the Authority's receipt of all requested information regarding such Management Agent, as provided for in the immediately preceding sentence. Unless the proposed Management Agent is disapproved by Authority within such thirty (30) day period, the Management Agent shall be deemed approved by Authority.

3.1.1 Performance Review. Upon Notice from Authority, Developer shall, with the participation of Authority, periodically review the management practices and financial status of the Project and the Management Agent. Authority shall not request such periodic review more frequently than once each calendar year. The purpose of each periodic review will be to enable Authority to determine whether or not the Project is being operated, maintained, and managed in accordance with the requirements and standards of this Regulatory Agreement, the DDA and all applicable Law.

3.1.2 Replacement of Management Agent. Any contract for the operation or management of the Project entered into by Developer with a Management Agent shall provide that the contract shall have a term of no more than one (1) calendar year and that the contract is subject to the provisions of this Regulatory Agreement. If the Project is not being operated and managed in accordance with the requirements and standards of this Regulatory Agreement, (following expiration of any applicable cure period) the DDA, and all applicable Law, Developer shall remove the Management Agent and replace the Management Agent with a different Management Agent approved by Authority, pursuant to Section 3.1. Developer's failure to remove and replace the Management Agent in any such circumstance shall constitute a Default by Developer under this Regulatory Agreement.

3.1.3 Management Agent Fee. The Management Agent's management fee for the Property shall not exceed the greater of six percent (6%) of Effective Gross Income or \$50 per Unit per month.

3.2 Social Services. Prior to recording of a Certificate of Completion, Developer or Management Agent shall enter into an agreement with either LifeSTEPS, Project Access, or an equivalent entity approved in writing by Authority which approval shall not be unreasonably withheld or delayed, to design a social services program that is targeted at resident needs. If a pre-kindergarten building is built as part of the Project, Developer will use good faith efforts to establish a pre-kindergarten program operated and funded by the public school district with jurisdiction over the Property. Any social service programs entered into pursuant to this Section 3.2 shall be subject to the review and approval of Authority. In the event an agreement is terminated during the Term, Developer shall enter into a new agreement within thirty (30) days of the termination date of the prior agreement, unless such timeline is waived by the Authority, in Authority's sole and absolute discretion.

3.3 Insurance.

3.3.1 Developer to Insure. To protect Authority against all insurable Claims resulting from the actions of Developer or the Management Agent in connection with this Regulatory Agreement, the Property or the Project, Developer shall maintain, at the sole cost and expense of Developer, the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Property Insurance; (c) Automobile Liability Insurance if the Developer

owns or leases any vehicles; (d) Builder's Risk Insurance (regarding any construction); and (e) Workers Compensation Insurance.

3.3.2 Nature of Insurance Program. All Liability Insurance, Property Insurance, Builder's Risk Insurance and Automobile Liability Insurance policies this Regulatory Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "VII" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (1) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (2) such policy otherwise complies with the requirements of this Regulatory Agreement.

3.3.3 Policy Requirements and Endorsements. All insurance policies required by this Regulatory Agreement shall contain (by endorsement or otherwise) the following provisions:

(a) *Insured.* Liability Insurance and Automobile Liability Insurance policies shall name Authority as "additional insured." Property Insurance and Builders Risk Insurance policies shall name Authority as a "loss payee." The coverage afforded to Authority shall be at least as broad as that afforded to Developer regarding the Property and the Project and may not contain any terms, conditions, exclusions or limitations applicable to Authority that do not apply to Developer.

(b) *Primary Coverage.* Any insurance or self-insurance maintained by Authority shall be excess of all insurance required under this Regulatory Agreement and shall not contribute with any insurance required by this Regulatory Agreement.

(c) *Contractual Liability.* Liability Insurance policies shall contain contractual liability coverage for Developer's indemnity obligations under this Regulatory Agreement. Developer's obtaining or failure to obtain such contractual liability coverage shall not relieve Developer from nor satisfy any indemnity obligation of Developer under this Regulatory Agreement.

(d) *Notice to Authority.* Each insurance carrier shall give Authority no less than thirty (30) calendar days' advance written notice of any cancellation or non-renewal of any insurance policy required by this Regulatory Agreement. Also, phrases such as "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates of insurance or any coverage for Authority. Developer shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits are exhausted or upon insolvency of the insurer that issued the policy.

(e) *Deliveries to Authority.* Evidence of Developer's maintenance of all insurance policies required by this Regulatory Agreement shall be delivered to Authority on the date of this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, Developer shall deliver to Authority evidence of Developer's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to Authority by certified mail, return receipt requested; provided; however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates or policies of insurance applicable to Authority pursuant to this Regulatory Agreement.

(f) *Waiver of Certain Claims.* Developer shall cause each insurance carrier providing any Liability Insurance, Builder's Risk Insurance, Worker's Compensation Insurance, Automobile Liability Insurance or Property Insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to Authority, if not already in the policy. To the extent that Developer obtains insurance with a Waiver of Subrogation, Developer and Authority release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to or in satisfaction of the provisions of this Regulatory Agreement.

(g) *No Representation.* No Party makes any representation that the limits, scope, or forms of insurance coverage this Regulatory Agreement requires are adequate or sufficient.

(h) *No Claims Made Coverage.* None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

(i) *Fully Paid and Non-Assessable.* All insurance obtained and maintained by Developer in satisfaction of the requirements of this Regulatory Agreement shall be fully paid for and non-assessable. However, Developer's policies may be subject to insurer audits.

(j) *Authority Option to Obtain Coverage.* During the continuance of a Default arising from the failure of Developer to carry any insurance required by this Regulatory Agreement, Authority may, at its sole option, purchase any such required insurance coverage and Authority shall be entitled to immediate payment from Developer of any premiums and associated reasonable costs paid by Authority for such insurance coverage. Any amount becoming due and payable to Authority under this Section 3.3.3(j) that is not paid within fifteen (15) calendar days after written demand from Authority for payment of such amount, with an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the Usury Limit, whichever is less. Any election by Authority to purchase or not to purchase insurance otherwise required by the terms of this

Regulatory Agreement to be carried by Developer shall not relieve Developer of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

(k) *Separation of Insured.* All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Developer and Authority. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Regulatory Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

(l) *Deductibles and Self-Insured Retentions.* Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by Authority. Developer shall pay all such deductibles or self-insured retentions regarding Authority or, alternatively, the insurer under each such insurance policy shall eliminate such deductibles or self-insured retentions with respect to Authority.

(m) *No Separate Insurance.* Developer shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless Authority is made an additional insured thereon, as required by this Regulatory Agreement.

(n) *Insurance Independent of Indemnification.* The insurance requirements of this Regulatory Agreement are independent of Developer's indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Developer's indemnification or other obligations or to limit Developer's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

3.3.4 Insurance Independent of Indemnification. The insurance requirements of this Regulatory Agreement are independent of Developer's indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Developer's indemnification or other obligations under this Regulatory Agreement or to limit Developer's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage. Further, Developer's provision of the insurance required by this Regulatory Agreement shall not preclude Authority from taking such other actions as are available to Authority under any other provision of this Regulatory Agreement or otherwise at law or in equity.

3.3.5 Deductibles and Self-Insured Retentions. All deductibles and self-insured retentions under Developer's insurance policies are subject to the Authority's prior written approval, which shall not be unreasonably withheld. Developer shall pay or get the insurance company to waive any and all deductibles and self-insured retentions under all insurance policies issued in satisfaction of the terms of this Regulatory Agreement regarding any

Claims relating to Authority, except to the extent that any such Claims arise from the negligence or willful misconduct of Authority.

3.3.6 No Separate Insurance. Developer shall not carry separate or additional insurance relating to the Project that is concurrent in form or contributing in the event of loss with the insurance required under this Regulatory Agreement, unless such insurance is endorsed in favor of Authority as required by this Regulatory Agreement.

3.3.7 No Representation. Neither Party makes any representation that the limits, scope, or forms of insurance coverage this Regulatory Agreement requires are adequate or sufficient.

3.3.8 Increases in Coverage. All insurance liability limit amounts stated in this Regulatory Agreement shall be increased upon Developer's receipt of a written request by Authority to increase said insurance liability limit amounts. Authority shall only request an increase in insurance liability limit amounts pursuant to this Section 3.3.8 when the CPI has increased 15 points or more since the last increase in insurance liability limit amounts by Developer. The aggregated insurance liability limit amounts shall be increased by no less than \$1,000,000 for each 15 point increase in the CPI.

3.4 Hazardous Substances.

3.4.1 Restrictions. Developer shall not cause or permit to occur on, under or at the Project or the Property during the Term: (a) any violation of any Environmental Law; or (b) the use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance, or transportation to or from the Project or the Property of any Hazardous Substance, unless both: (i) reasonably necessary and customary to construct, operate or maintain the Project for uses this Regulatory Agreement permits; and (ii) in compliance with all Environmental Laws.

3.4.2 Compliance; Clean-Up. Developer shall, at Developer's sole cost and expense: (a) comply with all Environmental Laws applicable to the Project and the Property and, to the extent Environmental Law requires, clean up any Hazardous Substance; (b) make all submissions to, deliver all information required by, and otherwise fully comply with all requirements of any Government under any Environmental Law; (c) if any Government requires any clean-up plan or clean-up because of a discharge of Hazardous Substances, prepare and submit the required plans and all related bonds and other financial assurances; (d) promptly and diligently carry out all such clean-up plans; and (e) Indemnify Authority against any discharge by Developer of Hazardous Substances or violation of Environmental Law, in accordance with Section 3.8. Developer's obligations under this Section 3.4 shall not limit Developer's rights against Third Persons (exclusive of Authority).

3.5 Restrictions on Change in Management or Control of Developer, Assignment and Transfer.

3.5.1 Restrictions. Developer acknowledges and agrees that the qualifications and identity of Developer are of particular importance and concern to Authority. Developer further acknowledges and agrees that Authority has relied and is relying on the

specific qualifications and identity of Developer in entering into this Regulatory Agreement with Developer and that Authority would not have entered into this Regulatory Agreement but for the specific qualifications and identity of Developer. As a consequence, Transfers are permitted only as expressly provided in this Regulatory Agreement. Developer represents to Authority that it has not made and agrees that it will not create or permit to be made or created, any Transfer, other than a Permitted Transfer, either voluntarily, involuntarily or by operation of Law, without the prior written approval of Authority, which may be given, withheld or conditioned in the sole and absolute discretion of Authority. Any Transfer made in contravention of this Section 3.5 shall be voidable at the election of Authority. Developer hereby acknowledges and agrees that the restrictions on Transfers set forth in this Section 3.5 are reasonable.

3.5.2 Delivery of Transfer Documents. All instruments and other legal documents proposed to effect any proposed Transfer shall be submitted to Authority for review, at least thirty (30) calendar days prior to the proposed date of the Transfer, and the written approval, disapproval or conditions of Authority regarding the proposed Transfer shall be provided to Developer, within thirty (30) calendar days following Authority's receipt of all proposed Transfer documents. Developer agrees to reimburse Authority for all reasonable costs and expenses incurred by Authority in connection with its review of each proposed Transfer, including all Legal Costs and other Third Person consultant fees and expenses.

3.6 Casualty. If any casualty occurs to the Project during the Term, Developer shall, except as otherwise provided in the Permanent Loan Documents, restore the Project with reasonable promptness, subject to the availability of insurance proceeds in an amount sufficient to complete such restoration.

3.7 Condemnation. If any portion of the Project is taken by exercise of the power of eminent domain by a Government during the Term, then Developer shall, subject to the provisions of the Permanent Loan Documents, restore the remaining portions of the Project with reasonable promptness, to the extent practicable.

3.8 Indemnity.

3.8.1 Developer Indemnity Obligations. Developer shall Indemnify Authority against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of Developer. Developer shall also Indemnify Authority against any and all of the following: (a) any Application made by or at Developer's request; (b) any agreements that Developer (or anyone claiming by or through Developer) makes with a Third Person regarding the Property or the Project; (c) any workers' compensation claim or determination relating to any employee of Developer or their contractors; (d) any Prevailing Wage Action relating to this Regulatory Agreement or the Project; and (e) any Claim attributable to any action or failure to act by Developer.

3.8.2 No Authority Liability. During the Term: (a) Developer is and shall be responsible for operation of the Property and the Project; and (b) Authority shall not be liable for any injury or damage to any property (of Developer or any other Person) or to any Person occurring on or about the Property or the Project, except to the extent caused by the Authority's wrongful intentional act or negligence.

3.8.3 Independent of Insurance Obligations. Developer's indemnification obligations under this Regulatory Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations under this Regulatory Agreement. Developer's obligation to Indemnify Authority under this Regulatory Agreement is independent of Developer's insurance and other obligations under this Regulatory Agreement. Developer's compliance with its insurance obligations and other obligations under this Regulatory Agreement shall not in any way restrict, limit or modify Developer's indemnification obligations under this Regulatory Agreement and are independent of Developer's other obligations under this Regulatory Agreement.

3.8.4 Survival of Indemnification and Defense Obligations. The indemnity and defense obligations of Developer under this Regulatory Agreement shall survive the expiration or earlier termination of this Regulatory Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Regulatory Agreement are fully, finally, absolutely and completely barred by the applicable statutes of limitations.

3.8.5 Immediate Duty to Defend. The duty to defend under this Regulatory Agreement includes Claims for which an Indemnitee may be liable without fault or strictly liable and applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of the Indemnitor or the Indemnitee have been determined. The duty to defend applies immediately, regardless of whether the Indemnitee has paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of the Parties that an Indemnitee be entitled to obtain summary adjudication or summary judgment regarding an Indemnitor's duty to defend the Indemnitee at any stage of any claim or suit within the scope of the Indemnitor's indemnity obligations under this Regulatory Agreement.

3.9 Indemnification Procedures. Wherever this Regulatory Agreement requires any Indemnitor to Indemnify any Indemnitee:

3.9.1 Prompt Notice. The Indemnitee shall promptly Notify the Indemnitor of any Claim.

3.9.2 Selection of Counsel. The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the Claim and its defense. The Indemnitee's separate counsel may attend all proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel. The Indemnitor and its counsel shall, however, control the defense, except to the extent that the Indemnitee waives its rights to indemnity and defense for such Claim.

3.9.3 **Cooperation.** The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

3.9.4 **Settlement.** The Indemnitor may only settle a Claim without the consent of the Indemnitee, if the Claim is within the policy limits of applicable insurance policies provided in satisfaction of the requirements of this Regulatory Agreement and such settlement procures a release of Indemnitee from the subject Claims, does not require Indemnitee to make any payment to the claimant and neither Indemnitee nor Indemnitor on behalf of Indemnitee admits any liability. Notwithstanding the immediately preceding sentence or any other provision of this Regulatory Agreement, the Indemnitee's consent shall be required to settle any and all Claims under Builder's Risk Insurance.

3.9.5 **Insurance Proceeds.** The Indemnitor's obligations shall be reduced by net insurance proceeds the Indemnitee actually receives for the matter giving rise to indemnification obligation.

3.10 **No Limitation.** Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Regulatory Agreement, including without limitation, under Sections 3.4 and Section 3.8, are in no way limited or otherwise affected by any information Authority may have concerning the Project or the Property and/or the presence within the Project or the Property of any Hazardous Substance, whether Authority obtained such information from Developer, or from its own investigations or from a Third Person.

3.11 **Maintenance.** Developer, for itself, its successors and assigns, covenants and agrees that:

3.11.1 **Maintenance Standard.** The entirety of the Property and the Project shall be maintained by Developer in good condition and repair and a neat, clean and orderly condition, normal wear and tear excepted, including, without limitation, maintenance, repair, reconstruction and replacement of any and all asphalt, concrete, landscaping, utility systems, irrigation systems, drainage facilities or systems, grading, subsidence, retaining walls or similar support structures, foundations, signage, ornamentation, and all other improvements on or to the Property, now existing or made in the future by or with the consent of Developer, as necessary to maintain the appearance and character of the Property, as improved with the Project. Developer's obligation to maintain the Property and the Project described in the immediately preceding sentence shall include, without limitation, all of the following, at Developer's sole cost and expense: (i) maintaining the surfaces in a level, smooth and evenly covered condition with the type of surfacing material originally installed or such substitute as shall in all material respects be equal in quality, use, and durability; (ii) removing all papers, mud, sand, debris, filth and refuse and thoroughly sweeping areas to the extent reasonably necessary to keep areas in a clean and orderly condition; (iii) removing or covering graffiti with the type of surface covering originally used on the affected area, (iv) placing, keeping in repair and replacing any necessary and appropriate directional signs, markers and lines; (v) installing, operating, keeping in repair and replacing where necessary, such artificial lighting facilities as shall be reasonably required; (vi) maintaining, mowing, weeding, trimming and watering all landscaped areas and making such replacements of plants and other landscaping material as necessary to maintain the appearance and character of the landscaping; (vii) properly maintaining the windows, structural

elements, and painted exterior surface areas of the Project in a clean and presentable manner; (viii) keeping the common areas of the Project and the Property free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (ix) parking of any commercial motor vehicle in excess of 7,000 pounds gross weight anywhere on the Property on other than on a temporary basis; and (x) the use of garage areas on the Property for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of Developer or persons residing in Units on the Property. Developer's obligation to maintain the Project and the Property described in this Section 3.11.1 is, collectively, referred to in this Regulatory Agreement as the "**Maintenance Standard**." Developer may contract with a maintenance contractor to provide for performance of all or part of the duties and obligations of Developer with respect to the maintenance of the Property or the Project; provided, however, that Developer shall remain responsible and liable for the maintenance of the Property and the Project, at all times.

3.11.2 **Maintenance Deficiency.** If, at any time during the Term, there is an occurrence of a material and adverse condition on any area of the Property or the Project in contravention of the Maintenance Standard (each such occurrence being a "**Maintenance Deficiency**"), then Authority may Notify Developer of the Maintenance Deficiency. If Developer fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) calendar days following its receipt of Notice of the Maintenance Deficiency, Authority may conduct a public hearing, following transmittal of Notice of the hearing to Developer, at least, ten (10) days prior to the scheduled date of such public hearing, to verify whether a Maintenance Deficiency exists and whether Developer has failed to comply with the provisions of Section 3.11.1. If, upon the conclusion of the public hearing, Authority finds that a Maintenance Deficiency exists and remains uncured, Authority shall have the right to enter the Property and/or the Project and perform all acts necessary to cure the Maintenance Deficiency, or to take any other action at law or in equity that may then be available to Authority to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Authority for the abatement of a Maintenance Deficiency pursuant to this Section 3.11.2 shall be reimbursed to Authority by Developer within thirty (30) calendar days after written demand to Developer for payment. If any amount becoming due to Authority under this Section 3.11.2 is not paid within thirty (30) calendar days after written demand to Developer for payment, Developer shall also pay Default Interest on such amount until paid in full.

3.11.3 **Graffiti.** Graffiti, as defined in Government Code Section 38772, that has been applied to any exterior surface of a structure or improvement on the Property that is visible from any public right-of-way adjacent or contiguous to the Property, shall be removed by Developer by either painting over the evidence of such vandalism with a paint that has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water, as appropriate. If any such graffiti is not removed within seventy-two (72) hours following the time of the discovery of the graffiti, Authority shall have the right to enter the Property and/or the Project and remove the graffiti, without notice to Developer. Any sum expended by Authority for the removal of graffiti pursuant to this Section 3.11.3, shall be limited to an amount not to exceed Five Hundred Dollars (\$500) per entry by Authority and shall be reimbursed to Authority by Developer within thirty (30) calendar days after written demand to Developer for payment. If any amount becoming due to Authority for graffiti

removal under this Section 3.11.3 is not paid within thirty (30) calendar days after written demand to Developer for payment, Developer shall also pay Default Interest in such amount, until paid in full.

3.12 No Authority Responsibility for Project. Authority shall have no responsibility for the construction, installation, rehabilitation, management, operation or maintenance of the Project or the Property.

3.13 Only Permitted Encumbrances. Developer shall not record and shall not allow to be recorded against the Property any Security Instrument, lien or other encumbrance that is not a Permitted Encumbrance or as otherwise authorized pursuant to the DDA. Developer shall immediately remove or cause to be removed (or providing title insurance in form and substance reasonably acceptable to Authority and issued by a title insurance company reasonably acceptable to Authority, insuring the priority of this Regulatory Agreement and the Deed of Trust securing Authority Loan, as superior to such lien), at Developer's sole cost and expense, any Prohibited Encumbrance made or recorded against the Property or shall assure the complete satisfaction of any such Prohibited Encumbrance to the satisfaction of Authority, in the Authority's sole and absolute discretion. The covenants of Developer set forth in this Section 3.13 regarding the placement of encumbrances on the Property shall run with the land of the Property and bind successive Developers of the Property, until recordation (or deemed issuance) of the Certificate of Completion for the Project.

3.14 Authority Right to Discharge Prohibited Encumbrances. After sixty (60) calendar days' Notice to Developer of a Prohibited Encumbrance and provided that Developer has not caused such Encumbrance to be removed during such period, Authority shall have the right, but not the obligation, to satisfy or remove any Prohibited Encumbrance against the Property or the Project and receive reimbursement from Developer for any amounts paid or incurred in satisfying or removing any such Prohibited Encumbrance, upon demand. Any amount expended by Authority to discharge a Prohibited Encumbrance that is not reimbursed to Authority by Developer within thirty (30) calendar days following written demand for payment from Authority shall accrue Default Interest, until paid in full. Nothing in this Section 3.14, shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge that Developer is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Property to forfeiture or sale.

3.15 Rights of Permitted Lender and Authority Regarding Permitted Security Instruments.

3.15.1 **Notice of Liens.** Developer shall promptly Notify Authority of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Property, whether by voluntary act of Developer or otherwise; provided, however, that no Notice of filing of preliminary notices or mechanic's liens need be given by Developer to Authority, prior to suit being filed to foreclose any such mechanic's lien.

3.15.2 **Notice of Default.** Whenever a Permitted Lender delivers any notice of default to Developer, the Permitted Lender shall concurrently send a copy of such notice of default to the Authority. Upon delivery of such notice of default, Authority shall have the right,

at its option, to commence the cure or remedy of any Default of Developer set forth in such notice. If Authority fails or refuses to cure or remedy any Default of Developer, as set forth in such notice, within a period of sixty (60) days from delivery of such notice or, if Developer notifies the Permitted Lender and Authority that it intends to or is currently curing such Default, then sixty (60) days after Developer's right to cure the Default has expired or terminated, then the Permitted Lender shall thereafter have the right to commence the cure or remedy of the Default of Lender. Whenever Authority delivers any notice of Default to Developer under this Regulatory Agreement, Authority shall send a copy of such notice of Default to each Permitted Lender holding a Permitted Security Instrument of which Authority has received notice and a contact address for transmittal of such notices. Each Permitted Lender receiving a copy of any such notice of Default shall have the right, at its option, to commence the cure or remedy of any Default of Developer set forth in such notice and to diligently and continuously proceed with such cure or remedy of such Default, within the cure period allowed to Developer under this Regulatory Agreement. Authority shall accept such performance by a Permitted Lender with the same force and effect as if furnished by Developer.

3.15.3 No Termination of Permitted Security Instruments by Default. A Default by Developer under this Regulatory Agreement shall not defeat or render invalid the lien of any Permitted Security Instrument made in good faith and for value as to all or any part of the Property, whether or not the Permitted Lender is subordinated to this Regulatory Agreement; but unless this Regulatory Agreement has otherwise been subordinated, this Regulatory Agreement shall be binding and effective against any owner of the Property, whose title thereto is acquired pursuant to a Permitted Security Instrument or from a Person holding or benefiting from a Permitted Security Instrument.

3.15.4 Permitted Lender Rights Regarding Termination or Modification. No modification of this Regulatory Agreement shall be binding upon the Permitted Lender without its prior written consent.

3.15.5 Authority Right to Purchase Obligation. In any case where, after delivery of Notice of Default of Developer under a Permitted Security Instrument, Authority shall have the option, in the Authority's sole and absolute discretion, to purchase the rights of such Permitted Lender against or in the reference to Developer, the Property or Project secured by such Permitted Security Instrument held by such Permitted Lender by payment to the Permitted Lender of the amount of the unpaid obligations (including all principal, interest, fees, and any other amounts due and owing) secured by such Permitted Security Instrument. If Authority has not exercised its right to purchase the obligation secured by a Permitted Security Instrument pursuant to this Section 3.15.5 within forty-five (45) days following receipt of the notice of default under the Permitted Security Instrument, the affected Permitted Lender may demand by Notice that Authority act to exercise or forego the right granted in this Section 3.15.5 by Notice to the Permitted Lender. If Authority fails to exercise the right granted in this Section 3.15.5 by Notice to the Permitted Lender within forty-five (45) calendar days following the date of the Authority's receipt of such written demand from the Permitted Lender, Authority shall be conclusively deemed to have waived its rights under this Section 3.15.5. If Authority timely exercises its rights under this Section 3.15.5, the purchase transaction shall close on the earlier of (i) sixty (60) days after the date of such Permitted Lender's receipt of the Authority's Notice exercising such rights or (ii) the date that Lender or its designee acquires the Property.

3.15.6 Authority Right to Cure Obligations. In the event of a monetary default by Developer under any Permitted Security Instrument, Authority may cure the default of Developer under the applicable Permitted Security Instrument, but is under no obligation to do so, prior to completion of any sale or foreclosure of all or any portion of the Property under the applicable Permitted Security Instrument. Authority shall be entitled to reimbursement from Developer of all costs and expenses incurred by Authority in curing any default of Developer under any Permitted Security Instrument, under demand. Any amount expended by Authority to cure a default of Developer under any Permitted Security Instrument that is not reimbursed to Authority by Developer within thirty (30) calendar days after Notice of such amount to Developer, shall accrue Default Interest, until paid in full.

3.15.7 Foreclosure of Permitted Security Instrument. Foreclosure of any Permitted Security Instrument, whether by judicial proceedings or by power of sale, or any conveyance by deed in lieu of foreclosure (“**Foreclosure Event**”), shall not require the consent of Authority or constitute a Default under this Regulatory Agreement. Following any Foreclosure Event, Authority shall recognize as “Developer” under this Regulatory Agreement any purchaser or other transferee of the entire Property that assumes each and all the obligations of Developer under this Regulatory Agreement pursuant to an assumption agreement reasonably satisfactory to Authority. If any Permitted Lender or its nominee or assignee acquires Developer’s title to the entire Property as a result of a Foreclosure Event, such Permitted Lender shall thereafter have the right to assign or transfer Developer’s interest under this Regulatory Agreement to an assignee without obtaining the Authority’s consent with respect to such assignee. Upon such acquisition of title by a Permitted Lender, or the assignee or nominee of a Permitted Lender, or the purchaser from a Permitted Lender or such assignee or nominee, the Executive Director, on behalf of the Authority, shall execute and deliver an amendment to, or an assignment or assumption agreement for, this Regulatory Agreement with such Person, upon the written request of such Person given not later than one hundred twenty (120) days after such Person’s acquisition of title to the entire Property. Such amended Regulatory Agreement shall be substantially the same in form and content as the provisions of this Regulatory Agreement, except as to the parties thereto, and the acknowledgment or elimination of any requirements that have been fulfilled prior to the date of such amendment and shall have priority equal to the priority of this Regulatory Agreement. Nothing in this Regulatory Agreement shall be deemed to permit or authorize any Permitted Lender to devote all or any portion of the Property to any uses, or to construct any improvements thereon, other than those uses of the Project provided for or authorized by this Regulatory Agreement. This Section 3.15.7 shall not apply to any Permitted Lender with whom Authority has executed a valid and binding subordination agreement subordinating this Regulatory Agreement.

4. COVENANTS RUN WITH THE LAND

4.1 Covenants to Run With the Land. Developer and Authority hereby declare their mutual specific intent that the covenants, conditions, restrictions, reservations and agreements set forth in this Regulatory Agreement are part of a plan for the promotion and preservation of affordable rental housing within the territorial jurisdiction of Authority and that each shall be deemed covenants running with the Property, binding upon each successor-in-interest of Developer in the Project or the Property for the duration of the Term. Regardless of classification or characterization, each of the covenants, conditions, restrictions and agreements contained in

this Regulatory Agreement touch and concern the Property and each of them is expressly declared to be for the benefit and in favor of Authority for the duration of the Term, regardless of whether Authority is or remains an owner of any land or interest in land to which such covenants, conditions, restrictions or agreements relate. Authority, in the event of any breach of this Regulatory Agreement, has the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings, to enforce the curing of such breach, as provided in this Regulatory Agreement, at law or in equity. Developer hereby expressly assumes the duty and obligation to perform each of the agreements and covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying all or any portion of the Property or the Project or any interest in the Property or the Project or any Unit shall incorporate all of the provisions of this Regulatory Agreement, either expressly or by reference, and any contract, deed or other instrument transferring any estate or interest in the Property or the Project shall conclusively be deemed to have been executed, delivered and accepted subject to the agreements, covenants, conditions, reservations, and restrictions of this Regulatory Agreement, regardless of whether such agreements, covenants, conditions, reservations and restrictions are set forth in or referenced such contract, deed or other instrument. After such transfer or assignment, all rights and obligations of the transferor Developer shall be assumed by the transferee Developer and the transferor Developer shall not incur any liability or have any obligation under this Agreement accruing after the date of such transfer or assignment.

5. REMEDIES

5.1 **Remedies.** If a Default occurs, then Authority shall, at the Authority's option, have any or all of the following described remedies, all cumulative (so exercise of one remedy shall not preclude exercise of another remedy), in addition to such other remedies as may be available at law or in equity or under any other terms of this Regulatory Agreement. The Authority's remedies shall include:

5.1.1 **Suits Before End of Term.** Authority may sue Developer for damages or other relief, from time to time, at the Authority's election, without terminating this Regulatory Agreement, including by mandamus or other suit, action or proceeding at law or in equity, to require Developer to perform the covenants or agreements or observe the conditions or restrictions of this Regulatory Agreement, or enjoin any acts or things that may be unlawful or in violation of the rights of Authority under this Regulatory Agreement; or by other action at law or in equity, as necessary or convenient to enforce the covenants, agreements, conditions or restrictions of this Regulatory Agreement.

5.1.2 **Receipt of Moneys.** No receipt of money by Authority from Developer after any Notice of Default shall affect any Notice previously given to Developer, or waive the Authority's right to enforce payment or deposit of any amount payable or later falling due, or the Authority's right to enter the Project, it being agreed that after service of Notice of Default or the commencement of suit or proceedings, or after final order or judgment, Authority may demand, receive, and collect any moneys due or thereafter falling due, without in any manner affecting such Notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of Developer's liability to Authority.

5.1.3 **No Waiver.** No failure by Authority to insist upon strict performance of any condition, covenant, agreement, restriction or reservation of this Regulatory Agreement or to exercise any right or remedy upon a Default, and no acceptance of full or partial payment of any amount due or becoming due to Authority during the continuance of any such Default, shall waive any such Default or such condition, covenant, agreement, restriction or reservation. No obligation of Developer under this Regulatory Agreement or the DDA, and no Default, shall be modified, except by a written instrument executed by Authority. No waiver of any Default shall modify this Regulatory Agreement or the DDA. Each and every covenant, agreement, condition, restriction and reservation of this Regulatory Agreement shall continue in full force and effect with respect to any other then-existing or subsequent Default of such condition, covenant, agreement, restriction or reservation of this Regulatory Agreement.

5.1.4 **Damages.** Authority may recover from Developer all damages Authority incurs by reason of Developer's Default and reimbursement of the Authority's reasonable out of pocket costs, including Legal Costs and bank fees for dishonored checks. Authority may recover such damages at any time after Developer's Default, including after the expiration of the Term. Notwithstanding any Law to the contrary, Authority need not commence separate actions to enforce Developer's obligations for each amount or payment not paid, or each month's accrual of damages and costs for Developer's Default, but may bring and prosecute a single combined action for all such damages and costs.

5.1.5 **Injunction of Breaches.** Whether or not a Default has occurred, Authority may obtain a court order enjoining Developer from continuing any Default or from committing any threatened Default. Developer specifically and expressly acknowledges that damages would not constitute an adequate remedy to Authority for any Non-Monetary Default.

5.2 **Specific Enforcement.** Developer agrees that specific enforcement of Developer's non-monetary obligations under this Regulatory Agreement is one of the reasons that Authority entered into the DDA and that, if Developer breaches any such obligation, potential monetary damages to Authority, as well as to prospective Qualified Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which Authority may be entitled as a consequence of Developer's default under this Regulatory Agreement, Developer agrees to the imposition of the remedy of specific performance against Developer under this Regulatory Agreement.

5.3 **Enforcement.** Authority shall have the power to enforce this Regulatory Agreement and no other Person shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of Authority or to compel Authority to enforce any provision of this Regulatory Agreement against Developer, the Project, the Property or any Unit. Further, pursuant to Health and Safety Code Section 33334.3(f)(7), this Regulatory Agreement shall be enforceable by the Authority, any resident of a Unit, any resident association with members who reside in Units, former residents of Units who last resided in any such Unit, Applicants for occupancy of Units and persons on an affordable housing waiting list, subject to the specific requirements of such law.

5.4 **Termination by Agreement.** Any provision of this Regulatory Agreement may be terminated upon written agreement between Authority and Developer if Authority, in its sole and

absolute discretion, determines that such a termination will not adversely affect the affordable rental housing goals or requirements of Authority.

6. GENERAL PROVISIONS

6.1 Relationship of Parties. Nothing contained in this Regulatory Agreement shall be interpreted or understood by any of the Parties, or by any Third Person, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between Authority and Developer or Developer's agents, employees or contractors. Developer shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform any services required of them by the terms of this Regulatory Agreement regarding the Project or the Property. Except as otherwise expressly provided in this Regulatory Agreement, Developer has the right to exercise full control of employment, direction, compensation and discharge of all Persons assisting Developer in the development, operation or maintenance of the Project or the Property. Developer shall be solely responsible for all matters relating to payment of its employees, including compliance with tax withholding and all other Laws governing such employees. Developer shall be solely responsible for its own acts and those of its agents and employees.

6.2 Subordination. The Authority agrees that this Regulatory Agreement be made junior and subordinate to liens given in connection with Loans required for the financing of the construction of the Project, including any refinancing thereof; as set forth in the DDA. The Executive Director is hereby authorized and directed to execute such subordination agreements, modifications to this Agreement and/or other documents as may be requested by the Lender(s) to evidence subordination to the Loan(s), without further authorization from the Authority, provided that the Executive Director reserves the right to review, modify and negotiate, in good faith, the terms and conditions of such agreements.

6.3 No Claims. Nothing contained in this Regulatory Agreement shall create or justify any claim against Authority by any Person that Developer may have employed or with whom Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation or maintenance of the Project or the Property.

6.4 Approvals.

6.4.1 Any approvals required from Authority under this Regulatory Agreement shall not be unreasonably withheld, conditioned or delayed, except where otherwise specifically provided in this Regulatory Agreement. Wherever this Regulatory Agreement states that a Party's approval shall be "reasonable" or not unreasonably withheld: (a) such approval shall not be unreasonably withheld, delayed or conditioned; (b) no withholding of approval shall be deemed reasonable, unless withheld by Notice specifying reasonable grounds, in reasonable detail, for such withholding, and indicating specific reasonable changes in the proposal under consideration that would make it acceptable; and (c) if a Party grants its consent to any matter, this shall not waive its rights to require such consent for any further or similar matter.

6.4.2 Except as otherwise specifically provided in this Regulatory Agreement, whenever this Regulatory Agreement calls for approval by a Party of a proposed document to be submitted by the other Party, the receiving Party shall notify the other Party of its approval or disapproval of such document within thirty (30) calendar days after receipt of the proposed document. Unless otherwise provided in this Regulatory Agreement, a Party's failure to respond within such thirty (30) calendar day period shall be deemed the Party's approval. A Party shall provide specific reasons for any disapproval.

6.5 Warranty Against Payment of Consideration for Regulatory Agreement. Developer represents and warrants to Authority that: (a) it has not employed or retained any Person to solicit or secure this Regulatory Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of Developer and Third Persons to whom fees are paid for professional services related to planning, design or construction of the Project or documentation of this Regulatory Agreement; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by Developer or any of its agents, employees or representatives to any elected or appointed official or employee of either the Authority or Authority in an attempt to secure this Regulatory Agreement or favorable terms or conditions for this Regulatory Agreement. Breach of the representations or warranties of this Section 6.5 shall entitle Authority to terminate this Regulatory Agreement upon seven (7) days' Notice to Developer. Upon any such termination of this Regulatory Agreement, Developer shall immediately refund any payments made to or on behalf of Developer by the Authority pursuant to this Regulatory Agreement or otherwise related to the Property, any Approval, or the Project, prior to the date of any such termination.

6.6 Non-liability of Authority Officials or Employees. No Authority official, employee or agent shall be personally liable to Developer, or any successor in interest to Developer, in the event of any Default by Authority under this Regulatory Agreement.

6.7 Non-liability of Developer Officers or Employees. No member, official, employee, attorney or consultant of Developer shall be personally liable to Authority, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to Authority or to its successor, or on any obligations under the terms of this Regulatory Agreement.

6.8 Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California, without application of conflicts of laws principles.

6.9 Amendment. This Regulatory Agreement may be amended only by a written instrument executed by both Developer and Authority.

6.10 Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Regulatory Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Regulatory Agreement, with advice from counsel and other advisers of their own selection. A term defined in the singular in this Regulatory Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which govern all language in this Regulatory Agreement. The words "include" and "including" in this Regulatory

Agreement shall be construed to be followed by the words: “without limitation.” Each collective noun in this Regulatory Agreement shall be interpreted as if followed by the words “(or any part of it),” except where the context clearly requires otherwise. Every reference to any document, including this Regulatory Agreement, refers to such document as modified from time to time (except, at the Authority’s option, any modification that violates this Regulatory Agreement), and includes all exhibits, schedules, and riders to such document. The word “or” in this Regulatory Agreement includes the word “and.”

6.11 Attorney’s Fees. In the event that a Party brings an action to enforce this Regulatory Agreement or that otherwise arises out of this Regulatory Agreement, the prevailing Party in such action shall be entitled to recover from the other Party Legal Costs to be fixed by the court in which a judgment is entered, as well as the costs of such suit. For the purposes of this Regulatory Agreement, the words “reasonable attorneys’ fees,” in the case of Authority, include the salaries, costs and overhead of the lawyers employed in the Office of the Authority Attorney, as allocated on an hourly basis.

6.12 Severability. If any term or provision of this Regulatory Agreement or its application to any Person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Regulatory Agreement, or the application of such term or provision to Persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity. All remaining provisions of this Regulatory Agreement shall be valid and be enforced to the fullest extent allowed by Law.

6.13 Time is of the Essence. Time is of the essence with respect to the performance of each term, provision, covenant, condition, restriction, reservation or agreement contained in this Regulatory Agreement.

6.14 Unavoidable Delay; Extension of Time of Performance.

6.14.1 **Notice.** Subject to any specific provisions of this Regulatory Agreement stating that they are not subject to Unavoidable Delay or otherwise limiting or restricting the effects of an Unavoidable Delay, performance by either Party under this Regulatory Agreement shall not be deemed or considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay. Any Party claiming an Unavoidable Delay shall Notify the other Party: (a) within thirty (30) days after such Party knows of any such Unavoidable Delay; and (b) within thirty (30) days after such Unavoidable Delay ceases to exist. To be effective, any Notice of an Unavoidable Delay must describe the Unavoidable Delay in reasonable detail. The Party claiming an extension of time to perform due to an Unavoidable Delay shall exercise its commercially reasonable best efforts to cure the condition causing the Unavoidable Delay, within a reasonable time.

6.14.2 **Assumption of Economic Risks.** EACH PARTY EXPRESSLY AGREES THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, OF EITHER PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMAND OR CHANGES IN THE ECONOMIC ASSUMPTIONS OF EITHER PARTY THAT MAY HAVE PROVIDED A BASIS FOR ENTERING INTO THIS REGULATORY AGREEMENT SHALL NOT OPERATE TO EXCUSE OR DELAY THE

PERFORMANCE OF EACH AND EVERY ONE OF EACH PARTY'S OBLIGATIONS AND COVENANTS ARISING UNDER THIS REGULATORY AGREEMENT. ANYTHING IN THIS REGULATORY AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE PARTIES EXPRESSLY ASSUME THE RISK OF UNFORESEEABLE CHANGES IN ECONOMIC CIRCUMSTANCES AND/OR MARKET DEMAND/CONDITIONS AND WAIVE, TO THE GREATEST EXTENT ALLOWED BY LAW, ANY DEFENSE, CLAIM, OR CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ECONOMIC NECESSITY, IMPRACTICABILITY, CHANGED ECONOMIC CIRCUMSTANCES, FRUSTRATION OF PURPOSE, OR SIMILAR THEORIES. THE PARTIES EXPRESSLY ASSUME THE RISK OF SUCH ADVERSE ECONOMIC OR MARKET CHANGES, WHETHER OR NOT FORESEEABLE AS OF THE EFFECTIVE DATE.

Initials of Authorized
Representative(s) of Authority

Initials of Authorized
Representative(s) of Developer

6.15 Titles and Headings for Reference Only. The titles and headings of the articles, paragraphs and sections of this Regulatory Agreement are for convenience and reference only and are not to be considered a part of this Regulatory Agreement and shall not in any way interpret, modify or restrict the meaning of any term, provision, covenant, condition, restriction, reservation or agreement contained in this Regulatory Agreement.

6.16 Notices.

6.16.1 Any and all Notices sent by either Party to the other Party pursuant to or as required by this Regulatory Agreement shall be proper, if in writing and transmitted to the principal office of Authority or Developer, as applicable, as designated in Section 6.16.2, by one or more of the following methods: (i) messenger for immediate personal delivery, (ii) a nationally recognized overnight delivery service (i.e., Federal Express, United Parcel Service, etc.) or (iii) registered or certified United States mail, postage prepaid, return receipt requested. Such Notices may be sent in the same manner to such other addresses as either Party may from time to time designate by Notice, in accordance with this Section 6.16. Any such Notice shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States mail, as provided in this Section 6.16. Rejection, other refusal to accept or the inability to deliver a Notice because of a changed address of which no notice was given, shall be deemed receipt of the Notice.

6.16.2 The following are the authorized addresses for the submission of Notices to the Parties:

to Developer:

Tina Pacific I Housing Partners, L.P.
c/o The Related Companies of California,
LLC

with copy to:

Related/Tina Pacific I Development Co., LLC
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900

18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Attn: Frank Cardone
Facsimile: _____

Irvine, CA 92612
Attn: Frank Cardone
Facsimile: _____

[INSERT AFFORDABLE HOUSING
ACCESS SINGLE-PURPOSE ENTITY OR
OTHER NON-PROFIT]

Attn: _____
Facsimile: _____

to Authority:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attn: Executive Director
Facsimile: _____

with copy to:

Best Best & Krieger LLP
18101 Von Karman Avenue
Suite 1000
Irvine, CA 92612
Attn: Elizabeth Hull, Stanton Housing
Authority Counsel
Facsimile: (949) 260-0972

6.17 Entire Agreement.

6.17.1 This Regulatory Agreement may be executed in counterpart originals, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument. This Regulatory Agreement includes forty (40) pages and three (3) exhibits.

6.17.2 This Regulatory Agreement, the Density Bonus Agreement, if any, and the DDA constitute the entire understanding and integrate all of the terms, conditions, covenants, restrictions, reservations, terms, provisions and agreements of Authority and Developer regarding the Property and the Project, and supersede all negotiations or previous agreements between Authority and Developer with respect to all or any part of the Property or the Project.

6.17.3 None of the terms, conditions, covenants, restrictions, reservations, terms, provisions or agreements set forth in this Regulatory Agreement shall be deemed to be merged with any deed conveying title to any estate or interest in the Property or the Project.

6.17.4 Signatures delivered by facsimile shall be binding as originals upon the Parties so signing and delivering; provided, however, that original signature(s) shall be required for documents to be recorded.

6.17.5 Real Property Tax Abatement. Developer shall have the right to apply for and obtain an abatement and/or exemption of the Project from real property taxes in

accordance with all applicable rules and regulations, including Section 214(g) of the California Revenue and Taxation Code.

6.17.6 Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the Authority so long as such actions do not materially or substantially change the number of the Units, the method for calculating the affordability of the Units or reduce the length of the affordability of the Project or add to the costs incurred or to be incurred by Authority as specified herein. The Executive Director reserves the right, in its sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to Authority's governing board if the Executive Director determines or believes that such action could increase the risk, liability or costs to Authority, or change the affordability covenants or reduce the length of affordability of the Project.

[Signatures on following page]

**SIGNATURE PAGE
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING
(Tina Pacific Neighborhood Revitalization Phase I)**

IN WITNESS WHEREOF, Authority and Developer have executed this Regulatory Agreement by and through the signatures of their duly authorized representative(s) as of the date(s) set forth below:

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
James A. Box
Executive Director

DEVELOPER:

TINA PACIFIC I HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Tina Pacific I Development
Co., LLC, a California limited liability
company
its administrative general partner

ATTEST:

By: _____
Secretary

By: _____
[NAME/TITLE]

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

By: [INSERT AFFORDABLE HOUSING
ACCESS SINGLE-PURPOSE
ENTITY OR SIMILAR NON-PROFIT
PARTNER], a [INSERT TYPE OF
ENTITY]
its managing general partner

By: _____
General Counsel

By: _____
[NAME/TITLE]

Date: _____

Date: _____

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED FOR RECORDING]

**EXHIBIT “A”
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING
(Tina Pacific Neighborhood Revitalization Phase I)**

Property Legal Description

EXHIBIT A

**EXHIBIT “B”
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING
(Tina Pacific Neighborhood Revitalization Phase I)**

Income Certification Form

[Attached behind this cover page]

TENANT INCOME CERTIFICATION
☐ Initial Certification ☐ Recertification ☐ Other _____

 Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)
PART I - DEVELOPMENT DATA
 Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
 Address: _____ If applicable, CDLAC#: _____
 Unit Number: _____ # Bedrooms: _____ Square Footage: _____
PART II. HOUSEHOLD COMPOSITION
☐ Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter Column (H) Total			Passbook Rate	\$
If over \$5000 \$ _____ X			0.06%	= (J) Imputed Income \$
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	
			\$	

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature _____

(Date) _____

Signature _____

(Date) _____

Signature _____

(Date) _____

Signature _____

(Date) _____

PART V. DETERMINATION OF INCOME ELIGIBILITY			
TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 \$ 	Unit Meets Federal Income Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50%	RECERTIFICATION ONLY: Current Federal LIHTC Income Limit x 140%: \$ _____	
Current Federal LIHTC Income Limit per Family Size: \$ _____	Unit Meets Deeper Targeting Income Restriction at: <input type="checkbox"/> Other _____ %	Household Income exceeds 140% at recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No	
If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____	Household Size at Move-in: _____		
Household Income as of Move-in: \$ _____			

PART VI. RENT	
Tenant Paid Monthly Rent: \$ _____ Monthly Utility Allowance: \$ _____ Other Monthly Non-optional charges: \$ _____	Federal Rent Assistance: \$ _____ *Source: _____ Non-Federal Rent Assistance: \$ _____ (*0-8) Total Monthly Rent Assistance: \$ _____
GROSS MONTHLY RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges) \$ 	*Source of Federal Assistance 1 **HUD Multi-Family Project Based Rental Assistance (PBRA) 2 Section 8 Moderate Rehabilitation 3 Public Housing Operating Subsidy 4 HOME Rental Assistance 5 HUD Housing Choice Voucher (HCV), tenant-based 6 HUD Project-Based Voucher (PBV) 7 USDA Section 521 Rental Assistance Program 8 Other Federal Rental Assistance 0 Missing
Maximum Federal LIHTC Rent Limit for this unit: \$ _____ If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____	** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)
Unit Meets Federal Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% If Applicable, Unit Meets Bond Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% Unit Meets Deeper Targeting Rent Restriction at: <input type="checkbox"/> Other: _____ %	

PART VII. STUDENT STATUS		
ARE ALL OCCUPANTS FULL TIME STUDENTS? <input type="checkbox"/> yes <input type="checkbox"/> no	If yes, Enter student explanation* (also attach documentation) <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">Enter 1-5</div>	*Student Explanation: 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent/Dependent Child 4 Married/Joint Return 5 Former Foster Care

PART VIII. PROGRAM TYPE				
Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.				
a. Tax Credit <input type="checkbox"/> See Part V above.	b. HOME <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> ≤ 50% AMGI <input type="checkbox"/> ≤ 60% AMGI <input type="checkbox"/> ≤ 80% AMGI <input type="checkbox"/> OI**	c. Tax Exempt Bond <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	d. AHDP <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	e. _____ <input type="checkbox"/> <i>(Name of Program)</i> <i>Income Status</i> <input type="checkbox"/> _____ <input type="checkbox"/> OI**
**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.				

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____

DATE _____

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India
 - 4b – Chinese
 - 4c – Filipino
 - 4d – Japanese
 - 4e – Korean
 - 4f – Vietnamese
 - 4g – Other Asian
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian
 - 5b – Guamanian or Chamorro
 - 5c – Samoan
 - 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. (Please initial below)

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. (Please initial below)

Disability Status:

- 1 – Yes

If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
- “Handicap” does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

- 2 – No

- 3 – Did not respond (Please initial below)

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
(HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
If applicable, CDLAC#	If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H	Head of Household	S	Spouse	U	Unborn Child/Anticipated
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth	Enter each household member's date of birth.
Student Status	Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)	
Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check "yes". Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check "no."

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt Bond	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile	Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

**EXHIBIT “C”
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING
(Tina Pacific Neighborhood Revitalization Phase I)**

Annual Report

[Attached behind this cover page]

Annual Report

The undersigned, _____, as the authorized representative of Tina Pacific I Housing Partners, L.P., a California limited partnership ("Developer"), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Stanton Housing Authority ("Authority"), as established in numerous documents including that certain Regulatory Agreement and Declaration of Restrictive Covenants, Conditions, and Restrictions Restricting Use of Property for Affordable Housing (Tina Pacific Neighborhood Revitalization Phase I), dated as of _____, 201____ (the "Regulatory Agreement"), between Developer and Authority.

As of the date of this Annual Report, the following percentage of completed residential units in the Project are: (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement); or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the later of: (y) the date of a Certificate of Occupancy was issued for the unit or (z) a Qualified Household vacated such unit, as indicated:

Number of Units occupied by households that do not exceed 30% AMI: _____

Number of Units occupied by households that do not exceed 45% AMI: _____

Number of Units occupied by households that do not exceed 50% AMI: _____

Number of Units occupied by households that do not exceed 60% AMI: _____

Number of Vacant Units: _____

Number of Qualified Households who commenced occupancy during the preceding reporting period: _____

Attached is a separate sheet ("Occupancy Summary") listing, among other items, the appropriate information for each unit in the Project; the number of units, the occupants of each unit and the rent paid for each unit. The information contained in the Occupancy Summary is true and accurate based on information submitted to Developer and is certified in writing as true and accurate under penalty of perjury under the laws of the United States and the laws of the State of California by each tenant.

The undersigned hereby certifies that: (1) a review of the activities of Developer during such reporting period and of Developer's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause 1, Developer is not in default under any of the terms and provisions of the Regulatory Agreement

Dated: _____

DEVELOPER

TINA PACIFIC I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Tina Pacific I Development Co.,
LLC, its administrative general partner

By: _____
[NAME, TITLE]

By: [AFFORDABLE HOUSING ACCESS
SINGLE-PURPOSE ENTITY OR
SIMILAR NON-PROFIT], its managing
general partner

By: _____
[NAME, TITLE]

OCCUPANCY SUMMARY

Total Units occupied by Qualified Households: _____

Total Units available for rent to Qualified Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

A. Resident and rental information on each occupied apartment in the Project.

B. An Income Certification Form for all new Qualified Households who have moved into the Tina Pacific Neighborhood Revitalization Phase I since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated: _____

DEVELOPER

TINA PACIFIC I HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Tina Pacific I Development
Co., LLC, its administrative general
partner

By: _____
[NAME, TITLE]

By: [AFFORDABLE HOUSING ACCESS
SINGLE-PURPOSE ENTITY OR
SIMILAR NON-PROFIT PARTNER],
its managing general partner

By: _____
[NAME, TITLE]

**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON
THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN
THE HOUSING AUTHORITY AS THE HOUSING SUCCESSOR ENTITY
TO THE STANTON REDEVELOPMENT AGENCY
AND
TINA PACIFIC I HOUSING PARTNERS, LP**

I. INTRODUCTION

California Health and Safety Code Section 33433, requires that before any property of a former redevelopment agency acquired with tax increment monies is sold or leased for development, the sale or lease must first be approved by the legislative body after a public hearing. A copy of the proposed sale or lease agreement and a summary report that describes and contains specific financing elements of the proposed transaction shall be available for public inspection prior to the public hearing. The following information shall be included in the summary report:

1. The cost of the agreement to the public agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the public agency, plus the expected interest on any loans or bonds to finance the agreement;
2. The estimated value of the interest to be conveyed or leased, determined at the highest and best use permitted under the redevelopment plan;
3. The estimated value of the interest to be conveyed in accordance with the uses, covenants, and development costs required under the proposed agreement with the City, i.e., the reuse value of the site;
4. An explanation of how the sale or lease of the property will assist in the elimination of blight and provide housing for Very Low-, Low-, or Moderate-Income persons; and
5. The purchase price or sum of the lease payments that the lessee will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the City shall provide as part of the summary an explanation of the reasons for the difference.

This report outlines the salient parts of the Disposition and Development Agreement (Agreement) to be entered into by and between the Housing Authority and Tina Pacific Housing Partners I, LP (Developer). This report is being prepared due to the fact that tax increment monies from the Agency were used to acquire the real property which is the subject of the Agreement.

This report is based upon information in the proposed Agreement and is organized into the following six sections:

1. **Summary of the Proposed Agreement** – This section includes a description of the property, the proposed development and the major responsibilities of the Agency and the Developer.
2. **Cost of the Agreement to the Agency** – This section outlines the cost of the Agreement to the Agency for costs that have been funded with tax increment funds. It presents the terms of the property conveyance, and sets forth the net cost of the Agreement to the Agency.

3. **Estimated Value of the Interest to be Conveyed** – This section summarizes the value of the property to be sold or leased to the Developer.
4. **Consideration Received and Reasons Therefor** – This section describes the value of the payments to be made by the Developer to the Agency. It also contains a comparison of the purchase price and the fair market value at the highest and best use consistent with the redevelopment plan for the interests conveyed.
5. **Provision of Very Low, Low, or Moderate Income Housing** – This section demonstrates how the sale of the property will provide housing for Very Low-, Low-, or Moderate-Income persons.
6. **Elimination of Blight** – This section explains how the project will eliminate blighting conditions.

II. SUMMARY OF THE PROPOSED AGREEMENT

A. Description of the Property and the Proposed Project

The former Stanton Redevelopment Agency (“Agency”) was the owner of sixteen (16) real properties located in the City of Stanton, California, consisting of seven (7) properties currently occupied by tenants and nine (9) properties that are unoccupied and on which the improvements have already been demolished (collectively, the “**Authority Properties**”). The Authority is in the process of negotiating the acquisition of eight (8) properties located in the City of Stanton, California (“**Acquisition Properties**”). The Authority Properties and Acquisition Properties are located adjacent to one another, and are collectively referred to in this Agreement as the “**Properties**.”

Pursuant to Health and Safety Code Section 34172, the Agency was dissolved on February 1, 2012, and the Agency’s housing functions and assets, including the Authority Properties, were transferred to the Authority pursuant to Health and Safety Code Section 34176. The transfer of the Authority Properties from the dissolved Agency to the Authority was approved on the Authority’s Housing Asset Transfer form submitted to and approved by the California Department of Finance.

Developer desires to construct the Tina Pacific Neighborhood Revitalization Phase I project on the Properties consisting of an eighty-three (83) unit residential development that would include the new construction of fifty (50) two bedroom units, one of which will be occupied by an on-site property manager, and thirty-three (33) three bedroom units that are rented to low income households, as more particularly described in the Scope of Development attached to the Agreement (the “**Project**”).

Authority desires to acquire the Acquisition Properties and, if acquired, subsequently convey the Properties to Developer to facilitate the development of the Project, subject to Developer securing the financing necessary for the development of the Project and Developer’s commitment to maintain eighty-two (82) of the units as affordable housing units that will be rented in accordance with the terms of the Regulatory Agreement. The Project units are proposed to be restricted, pursuant to HCD or TCAC, whichever is more restrictive, to the following affordability levels: (i) 21 units are restricted at 30% HCD/TCAC AMI, (ii) 9 units are restricted at 45% HCD/TCAC AMI, (iii) 33 units are restricted at 50% HCD/TCAC AMI, and (iv) 19 units are restricted at 60% HCD/TCAC AMI. One manager’s unit will be provide free of charge.

Developer

The Developer of the subject property is Tina Pacific I Housing Partners, LP, a single purpose entity created by Related California. The Housing Authority selected the Developer through a competitive process in 2013.

B. Agency Responsibilities

The Housing Authority's responsibilities under the Agreement include the following:

- The attempted acquisition of the Acquisition Parcels.
- The sale of the Properties to the Developer for a purchase price of the sum of (a) the lesser of the appraised value of or the purchase price paid by the Authority for the Authority Properties ; and (b) the lesser of appraised value or the purchase price paid by the Authority for the Acquisition Properties ("Purchase Price").
- Making a residual receipts loan of approximately twenty million one hundred twenty eight thousand eight hundred sixty two dollars (\$20,128,862).
- Closing the land sale subject to Developer satisfying a number of conditions Including:
 - Providing evidence that the project's financing is in place including receipt of a Tax Credit allocation reservation from TCAC
 - Obtaining all approvals for the proposed project, including complying with CEQA
 - Execution of all required documents including the Authority Loan documents and the Regulatory Agreement

C. Developer Responsibilities

The Developer is responsible for developing the project in accordance with the terms of the Agreement. The following are among the key responsibilities of the Developer:

- Obtaining a Tax Credit allocation reservation;
- Developing the project, including eighty-three (83) unit residential development that would include the new construction of fifty (50) two bedroom units, one of which will be occupied by an on-site property manager, and thirty-three (33) three bedroom units that are rented to low income households, in accordance with a schedule of performance;
- Cause the project's contractor to pay prevailing wages in the construction of the project, if required by state law;
- The developer shall lease each of the units to income-eligible households consistent with the Regulatory Agreement.

COST OF THE AGREEMENT TO THE AGENCY

This section presents the total cost of the Agreement to the Housing Authority.

A. Estimated Cost to the Authority

The Authority's costs related to the proposed project include the Authority's initial acquisition of the property; subsequent costs the Authority incurred to relocate the tenants, and anticipated costs for future acquisition and relocations. With respect to previous and future acquisition costs, the Agency anticipates total acquisition costs of \$17.5 million, or approximately \$80/square foot of land area for the 5-acre total site. In terms of the relocation costs, the Agency's records and estimated future costs indicate that approximately \$2.5 million will be incurred to complete the relocation process of the existing tenants. Therefore, the total costs to the Agency are estimated

at \$21.5 million (\$17.5 million for acquisition, \$2.5 million for relocation, \$1.5 million for non-reimbursable administration costs).

Currently, neither Authority nor Developer own any portion of or interest in the Acquisition Properties. Authority shall use its best efforts to acquire the Acquisition Properties directly from the current Acquisition Properties owners by negotiated purchase. If Authority is unable to negotiate the purchase of the Acquisition Properties between itself and the Acquisition Properties owners, Authority may consider initiating eminent domain proceedings to acquire the Acquisition Properties. The costs of these acquisitions have not been determined at this time.

Any interest costs that the Agency may have incurred in financing the acquisition or remediation costs are considered nominal on a net present value (NPV) basis due to the time value of money.

B. Revenues to the Agency

The revenues to the Agency consist of the payment of the purchase which shall be based upon the cost of acquisition and relocation of the Properties which shall be paid through the terms of the residual receipts loan repayment.

C. Net Cost to the Agency

The net cost to the Agency resulting from this transaction is the difference between the Agency's costs and revenues. Given that the costs are estimated at \$21.5 million and the revenues are \$20 million, the net cost to the Agency associated with the proposed project is \$1.5 million.

III. VALUE OF THE INTEREST TO BE CONVEYED

A. Estimated Value at Highest and Best Use

Appraisals conducted in 2016 have determined that the highest and best use of the subject sites as available for development is for a high density residential subdivision development. The appraisal determined that the site's fair market value adjusted for market conditions is \$17.5 million.

B. Reuse Value

The reuse value of the site is directly a function of the development economics of the specific project required in the Agreement. The project will consist of a total of 83 affordable units. Based upon the development requirements and restrictions in the Agreement, the reuse value is \$17.5 million.

IV. CONSIDERATION RECEIVED AND REASONS THEREFOR

VI. BLIGHT ELIMINATION

The project will consist of 83 affordable housing units and one onsite management unit. The area was formerly blighted and contaminated. The original development consisted of 40 4-plex apartment complexes and a single family home and was operated as one large apartment complex. In the 1970s, the complex was subdivided into 40 different parcels, each with a 4-plex building, and a four-car garage structure. One parcel also included the single family residence, which was originally the caretaker/manager unit for the development.

The newly created parcels were then sold to individual buyers, and the continuity of maintenance of the 4-plex buildings ceased. The neighborhood began to deteriorate, property maintenance

was severely diminished, and there was an increase in criminal activity in the neighborhood and surrounding areas. By the mid 2000s, the Tina Pacific Neighborhood constituted 15% of all the City's calls for services for the Sheriff's Department.

Due to the deteriorated, blighted state of the neighborhood, and the significant level of calls for service, in 2009 the City Council authorized the initiation of the acquisition of properties within the Tina Pacific Neighborhood in preparation of a future project. From 2009 to 2012, the Stanton Redevelopment Agency purchased 25 of the 40 parcels in the neighborhood utilizing a mixture of low mod housing funds, and bond monies.

This Project will result in the elimination of the original 4-plex buildings and revitalize the area with new affordable housing.

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: September 25, 2018

SUBJECT: AMENDED AND RESTATED AGREEMENT RELATING TO INTERIM CITY MANAGER

REPORT IN BRIEF:

The proposed action is to make revisions to Interim City Manager Robert W. Hall's agreement with the City in order to satisfy certain CalPERS requirements.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Authorize the Mayor to sign the Amended and Restated Agreement for Interim City Manager Services with Robert W. Hall.

BACKGROUND AND ANALYSIS/JUSTIFICATION:

On September 11, 2018, the City Council approved an agreement to retain Robert W. Hall as interim city manager of the City. Because CalPERS has requested greater clarification of the Interim City Manager's retired annuitant status, the contract has been amended to call out that language. The contract has also been streamlined to avoid any confusion related to the retired annuitant status.

FISCAL IMPACT:

None. The City Council has already approved Budget Adjustment No. 2019-01 to appropriate the funds for this contract.

ENVIRONMENTAL IMPACT:

Not applicable.

LEGAL REVIEW:

None.

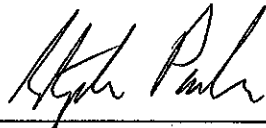
PUBLIC NOTIFICATION:

Through the normal agenda process.

Prepared by:

Approved by:

Matthew E. Richardson
City Attorney



Stephen M. Parker, CPA
Assistant City Manager

Attachment:

A. Amended and Restated Agreement for Interim City Manager Services

CITY OF STANTON
Amended and Restated Agreement for
Interim City Manager Services

1. PARTIES AND DATE.

1.1. This Amended and Restated Agreement is made pursuant to Section 2.08.010 of the City of Stanton Municipal Code and shall be effective on the 25th day of September, 2018 by and between the City of Stanton, a municipal organization organized under the laws of the State of California with its principal place of business at 7800 Katella Ave., California 90680 ("City") and Robert W. Hall, an individual ("Retired Annuitant"). City and Retired Annuitant are sometimes individually referred to herein as "Party" and collectively as "Parties."

1.2 City's Representative. The City hereby designates the Assistant City Manager to act as City's representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Agreement and other agreements between City and Retired Annuitant.

2. RECITALS.

2.1 The City desires and needs the services of a qualified person to provide services as the Interim City Manager, as directed, during the pendency of its search for a permanent City Manager; and

2.2 The City Council of the City has determined that the public interest, convenience, and necessity require the execution of this Agreement.

3. TERMS.

3.1 **General Scope of Services.** Retired Annuitant agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately provide management services ("Services") as Interim City Manager. The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.2 **Period of Performance.** The Term of this Agreement shall extend from the effective date in Section 1.1 of this Agreement to March 31, 2019, unless earlier terminated as provided herein.

3.3 Termination of Agreement.

3.3.1 Grounds for Termination. A party may, by written notice to the other Party, terminate this Agreement at any time, with or without cause by giving written notice of the termination, basis of termination, and effective date to the other party.

3.3.2 Effect of Termination. If this Agreement is terminated as provided herein,

BB&K

City may require Retired Annuitant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Retired Annuitant in connection with the performance of Services under this Agreement. Retired Annuitant shall be required to provide such document and other information within fifteen (15) days of the request.

3.3.3 Additional Services. In the event this Agreement is terminated, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.4 Retired Annuitant. Retired Annuitant is hired in conformance with CalPERS regulation governing the use of retired annuitants. Retired Annuitant has specialized skills to perform the duties of Interim City Manager. Retired Annuitant shall not work more than 960 hours in a fiscal year. No employee benefits shall be available to Retired Annuitant in connection with the performance of this Agreement. Except for Retired Annuitant's compensation, as set forth in this Agreement or as required by law, City shall not pay salaries, wages, benefits, or other compensation to Retired Annuitant for performing services hereunder.

3.4.1 Safety. Retired Annuitant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Retired Annuitant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed.

3.4.2 Coordination of Services. Retired Annuitant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, Retired Annuitants and other staff at all reasonable times.

3.4.3 Standard of Care; Performance of Employees. Retired Annuitant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Retired Annuitant represents and maintains that he/she is skilled in the profession necessary to perform the Services. Retired Annuitant represents that he/she has all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Retired Annuitant shall perform, at his/her own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Retired Annuitant's failure to comply with the standard of care provided for herein.

3.4.4 Laws and Regulations. Retired Annuitant shall keep himself/herself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of Services. Retired Annuitant shall be liable for all violations of such laws and regulations in connection with Services. If the Retired Annuitant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the City, Retired Annuitant shall be solely responsible for all costs arising therefrom. Retired Annuitant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this

Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.4.5 Conflicts of Interest Avoidance and Disclosure. Retired Annuitant agrees to act in the best interest of the City at all times in the conduct of its duties under this agreement. During the period of performance, Retired Annuitant covenants not to engage in any business or transaction or maintain a financial interest which conflicts, or reasonably might be perceived to conflict, with the proper discharge of Retired Annuitant's duties under this Agreement. This applies to the Retired Annuitant's conduct of duties arising out of this Agreement, as well as duties Retired Annuitant may perform beyond the scope of this Agreement in the service of Retired Annuitant's other clients.

3.4.5.1 Remedial Action. If the City Attorney determines that an irreconcilable conflict of interest exists, the City will have the right to immediately terminate this Agreement. If Retired Annuitant becomes aware of an actual or perceived conflict of interest, Retired Annuitant shall immediately inform the City's Representative and the City Attorney.

3.4.6 Representative of City. Retired Annuitant may act as a representative of City in such a manner as may be required to carry out Retired Annuitant's duties under this Agreement.

3.5 Fees and Payments.

3.5.1 Compensation. Retired Annuitant shall receive compensation for all Services rendered under this Agreement in the form of an hourly fee.

3.5.1.1 Hourly Fee. Retired Annuitant shall receive \$94.75 per hour of work performed under this Agreement, minus any applicable payroll taxes required by state and federal law, payable in accordance with the City's established protocols and procedures used for City employees, with total hours worked under this Agreement not to exceed 960 in Fiscal Year 2018/2019, in accordance with Government Code section 21221. Retired Annuitant shall be responsible for ensuring that he/she does not exceed the 960 hour per fiscal year limit. Retired Annuitant is expected to work approximately twenty (20) to thirty (30) hours a week, including attendance at all City Council meetings.

3.5.1.2 General Expenses. Retired Annuitant shall not be expected to incur expenses in the performance of his/her duties pursuant to this Agreement. Retired Annuitant may not invoice the City for travel to and from home to the City, or work of a personal nature, even if performed while at the City and during regular business hours of the City. Notwithstanding the foregoing, if Retired Annuitant incurs an extraordinary expense related to the performance of his/her obligations pursuant to this Agreement and wishes to seek reimbursement from the City for such expense incurred, he/she shall do so by submitting a request

for reimbursement to the Assistant City Manager for approval. Any such request must be accompanied by a brief description of the expense and copies of receipts substantiating the Retired Annuitant shall be entitled to reimbursement for any costs or expenses incurred in the performance of Retired Annuitant's duties under this Agreement, so long as the expenses are necessary to the operations of the City and relevant to the Agreement's Scope of Services.

3.5.2 Payment of Compensation. Retired Annuitant shall submit to the City timesheets detailing the hours worked during each pay period, in accordance with the City's established schedule. The Assistant City Manager shall review each timesheet and provide it to Administrative Services for processing.

3.6 Accounting Records. Retired Annuitant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Retired Annuitant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Retired Annuitant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.7 Ownership of Materials and Confidentiality.

3.7.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Retired Annuitant under this Agreement ("Documents & Data"). Retired Annuitant represents and warrants that Retired Annuitant has the legal right to license any and all Documents & Data. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.7.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Retired Annuitant in connection with the performance of this Agreement shall be held confidential by Retired Annuitant. Such materials shall not, without the prior written consent of City, be used by Retired Annuitant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Retired Annuitant which is otherwise known to Retired Annuitant or is generally known, or has become known, to the related industry shall be deemed confidential. Retired Annuitant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.7.3 Confidential Information. The City shall refrain from releasing Retired Annuitant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Retired Annuitant of its intention to release Proprietary Information. Retired Annuitant shall have five (5) working days after receipt of the Release Notice to give City written notice of Retired Annuitant's objection to the City's release of Proprietary Information. Retired Annuitant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Retired Annuitant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.8 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.9 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.10 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.11 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.12 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.13 City's Right to Employ Other Retired Annuitants. City reserves right to employ other Retired Annuitants related to the contemplated management consulting services.

3.14 Successors and Assigns. Subject to Sections 3.16 and 3.18 of this Agreement below, this Agreement shall be binding on the successors and assigns of the parties.

3.15 Assignment or Transfer. Retired Annuitant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.16 Construction; References; Captions. Since the Parties or their agents have

participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.17 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless approved by the City Council, executed in writing, and signed by authorized representatives of both Parties.

3.18 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.19 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.20 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.21 Authority to Enter Agreement. Retired Annuitant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.22 Subcontracting - Prohibited. Retired Annuitant shall not subcontract any portion of the work required by this Agreement.

[Signatures on following page]

AGREEMENT EXECUTION PAGE

IN WITNESS WHEREOF, City and Retired Annuitant have signed and executed this Agreement and the Agreement is held to be in force on the date provided in Section 1.1. of this Agreement.

City of Stanton

Robert W. Hall

By: _____
Dave Shawver
Mayor

By: _____
Name: _____

*Acting with the approval of the City Council
of the City of Stanton resolved at the Council
Meeting held on the 25th day of September,
2018 in accordance with Title 2, Chapter
2.08 of the Stanton Municipal Code.*

Title: _____

Attest:

By: _____
Patricia A. Vazquez
City Clerk

Approved as to Form:

Best Best & Krieger LLP

By: _____
Matthew E. Richardson
City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

Retired Annuitant shall serve as Interim City Manager of the City. Retired Annuitant shall execute the functions and duties of the City Manager's Office as enacted in Title 2, Chapter 2.08 of the City of Stanton Municipal Code. Code provisions relevant to the Interim City Manager functions and duties are restated and incorporated into this Agreement as follows:

2.08.050 Powers and duties.

The city manager shall be the administrative head of the city government under the direction and control of the city council, except as otherwise provided in this chapter. He shall be responsible for the efficient administration of all the affairs of the city which are under his control. In addition to his general powers as administrative head, and not as a limitation thereon, it shall be his duty, and he shall have the power:

- A. To see that all laws and ordinances of the city are duly enforced, and that all franchises, permits and privileges granted by the city are faithfully observed;
- B. To give directions to all heads of departments, subordinate officers and employees of the city, except the city attorney; to transfer employees from one department to another; provided, however, that nothing contained in this section shall be construed to supersede the authority of the city council under other ordinances;
- C. To appoint, promote, demote, and remove the officers and employees of the city, except the city attorney, subject to the personnel system of the city;
- D. To exercise supervision over all departments of the city government and over all appointive officers and employees thereof, except the city attorney;
- E. To attend all meetings of the city council unless excused therefrom by the council, except when his removal is under consideration by the council;
- F. To recommend to the city council for adoption, such measures and ordinances as he deems necessary or expedient;
- G. To keep the city council, at all times, fully advised as to the financial conditions and needs of the city;
- H. To prepare and submit to the city council the annual budget;
- I. To direct and supervise the purchase and acquisition in any lawful manner, of all property, equipment, services, materials, and supplies for the city and for all departments and divisions thereof, provided the purchase or acquisition thereof has been approved by the city council. No expenditure shall be submitted or recommended to the city council except on report or approval of the city manager;
- J. To make investigations into the affairs of the city, and any department or division thereof, and any contract, or the proper performance of any obligations running to the city;
- K. To investigate all complaints in relation to matters concerning the administration of the city government, and in regard to the service maintained by public utilities in the city, and to see that all franchises, permits and privileges granted by the city are faithfully performed and observed;

L. To exercise general supervision over all public buildings, public parks, and other public property which are under the control and jurisdiction of the city council and not specifically delegated to a particular board or officer;

M. To devote his entire time to the duties of his office and the interests of the city;

N. To perform such other duties and exercise such other powers as may be delegated to him from time to time by ordinance or resolution of the city council.

2.08.060 Powers subject to any civil service provisions and personnel system.

The exercise of the powers and duties of the city manager set forth in this chapter shall be subject to this chapter and to any rules and regulations heretofore or hereafter adopted as to classification of employees, the appointment, transfer, promotion, demotion, removal, suspension, dismissal, and reinstatement of such employees and the procedures outlined therein governing the same.

2.08.070 Orders and directions.

Individual members of the city council shall deal with the administrative services of the city only through the city manager, except for the purpose of inquiry, and no individual member of the city council shall give orders to any subordinates of the city manager. Except at a council meeting, by motion, no member of the city council shall demand the appointment or removal of any person by the city manager. There is retained to the city council the sole power of being the policy making and legislative body of the city, and the duties and powers of the city manager are expressly confined to the administrative services of the city under ordinances, resolutions, or motion of the council, or under state law. The city manager may attend any and all meetings of any commissions or boards heretofore or hereafter created by the city council, upon his own volition, or upon direction of the city council. At any such meetings at which the city manager attends, he shall be heard by such commissions and boards as to all matters upon which he wishes to address them.

2.08.080 Cooperation of other city officials.

It shall be the duty of all subordinate officers, and the city clerk, the city treasurer, and the city attorney, to cooperate with and assist the city manager in administering the affairs of the city most efficiently, economically and harmoniously, so far as may be consistent with their duties as prescribed by law and ordinances of the city.

2.08.090 Political action.

The city manager is prohibited from engaging in any local political activity, either soliciting funds or actively supporting any official or candidate for any municipal office.

2.08.100 Removal.

The removal of the city manager shall be only on a majority vote of the whole council.