

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRAMOS DATE 12/29/14

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF COMMISSIONERS
 HOUSING AUTHORITY
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

710



FROM: Housing Authority

SUBMITTAL DATE:
 December 30, 2014

SUBJECT: Exclusive Negotiation Agreement Between the Housing Authority of the County of Riverside and the Coachella Valley Housing Coalition in connection with the Tierra Bonita Project in the City of Coachella, District 4, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached Exclusive Negotiation Agreement (ENA) between the Housing Authority of the County of Riverside and the Coachella Valley Housing Coalition in connection with the Tierra Bonita Project in the City of Coachella;
2. Authorize the Chairman of the Board of Commissioners to execute the attached ENA; and
3. Authorize the Executive Director, or designee, to take all necessary steps to implement the attached ENA, including, but not limited to, signing subsequent necessary and relevant documents, subject to County Counsel approval.

**BACKGROUND:
 Summary**

(Commence on Page 2)

Robert Field

Robert Field
 Executive Director

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT (per Exec. Office) |
|-----------------|----------------------|-------------------|-------------|---------------|---|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/> |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | |

SOURCE OF FUNDS: N/A

Budget Adjustment: No
 For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

- A-30
- 4/5
- Vote
- Positions Added
- Change Order

Prev. Agn. Ref.:

District: 4

Agenda Number:

10-1

SUBMITTAL TO THE BOARD OF COMMISSIONERS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Housing Authority

FORM 11: Exclusive Negotiation Agreement Between the Housing Authority of the County of Riverside and the Coachella Valley Housing Coalition in connection with the Tierra Bonita Project in the City of Coachella, District 4, [\$0]

DATE: December 30, 2014

PAGE: 2 of 3

BACKGROUND:

Summary

The Housing Authority of the County of Riverside, in its capacity as housing successor to the former Coachella Redevelopment Agency pursuant to the Redevelopment Dissolution Act (Housing Authority) is the current owner of 9.308 acres of land located at Avenue 53 and Calle Leandro, in the City of Coachella (Tierra Bonita Site). The Tierra Bonita Site is also identified by Assessor Parcel Numbers 768-371-001 through -008, 768-361-010 through -012, 768-372-015, 768-371-009 through -019, 768-362-001 through -016. The Tierra Bonita Site was transferred to the Housing Authority from the former Coachella Redevelopment Agency as part of the dissolution of redevelopment.

On July 31, 2014, Housing Authority staff issued Request for Proposals No. 2014-002 (RFP) requesting proposals for the development of affordable housing on the Tierra Bonita site. One submittal was received from the Coachella Valley Housing Coalition, a California non-profit public benefit corporation (CVHC) with 30 years of experience, helping low and very low-income families improve their living conditions through advocacy, research, construction, and operation of housing and community development projects. After a thorough review of CVHC's proposal and qualifications Housing Authority staff selected CVHC as the successful proposer under the RFP. CVHC proposes acquiring the Tierra Bonita Site and constructing thereon approximately 39 single family homes to be sold for an affordable sales price to low-income households (Project). Each home would be subject to occupancy and sale restrictions ensuring affordability. CVHC intends to implement the United States Department of Agriculture (USDA) self-help method of construction which combines mortgage loans, mortgage subsidy and owner/builder sweat equity. Housing Authority staff selected CVHC due to, among other things, CVHC's extensive experience in the development of affordable housing, CVHC's sustained history of leveraging multiple funding sources, excellent references, and CVHC's distinguished property management firm.

CVHC desires to enter into the attached proposed Exclusive Negotiation Agreement (ENA) with the Housing Authority to explore and negotiate in good faith a possible Disposition and Development Agreement (DDA), or such other type of agreement as the parties may deem appropriate, to specify the rights of the parties with respect to the disposition of the Tierra Bonita Site and development of the Project. The ENA does not constitute a commitment for conveyance or development of the Tierra Bonita Site or a promise to enter into a DDA. Any resulting DDA, or other agreement, will be subject to the approval of the Board of Commissioners. CVHC will process the entitlements and may seek other leveraging sources for the development of the Project. The term of the proposed ENA is for approximately 9 months with a one year extension, should the parties mutually agree.

County Counsel has reviewed and approved as to form the attached ENA. Staff recommends approval of the attached ENA.

Impact on Citizens and Businesses

Should the Board of Commissioners approve the Project at a later date, the residents of Coachella will benefit from this project as it will build out a currently abandoned tract. The vacant site has been subject to illicit trash dumping, vagrancy and graffiti. With the final improvements in place, these conditions will be eliminated. In addition, the construction of homes will provide an increased availability of affordable homeownership. There is a significant need for affordable housing in the area.

SUBMITTAL TO THE BOARD OF COMMISSIONERS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Housing Authority

FORM 11: Exclusive Negotiation Agreement Between the Housing Authority of the County of Riverside and the Coachella Valley Housing Coalition in connection with the Tierra Bonita Project in the City of Coachella, District 4, [\$0]

DATE: December 30, 2014

PAGE: 3 of 3

SUPPLEMENTAL:

Additional Fiscal Information

No general funds will be used for this Exclusive Negotiation Agreement. CVHC will bear its own costs and expenses incurred or to be incurred in connection with negotiating and preparing in good faith a possible Disposition and Development Agreement for the Tierra Bonita Project. Developer proposes three phases of self-help construction that will leverage multiple funding sources. Overall, the expected investment from homeowner/builders and all sources for the construction of the proposed project approximated \$6,790,000.

Attachment

- Exclusive Negotiation Agreement

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT ("Agreement") is entered into as of _____, 2015 ("Effective Date") by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency ("Authority"), and THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation ("CVHC"), on the terms and provisions set forth below:

RECITALS

A. The Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the "Housing Authorities Law") and administers the development, rehabilitation and/or financing of affordable housing programs. The mission of the Authority is to transform and promote healthy, thriving communities, re-ignite hope and restore human dignity through the creation and preservation of high quality and innovative housing and community development programs which enhance the quality of life and revitalize neighborhoods to foster self-sufficiency;

B. Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL"). Pursuant to the Dissolution Act, the Coachella Redevelopment Agency ("RDA") was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code section 34176 (b)(2) enacted by the Dissolution Act, if a city, county or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the agency shall be transferred to the local housing authority in the territorial jurisdiction of the former redevelopment agency when there is one local housing authority;

D. On January 25, 2012, via Resolution No. 2012-10, the City of Coachella ("City") elected not to retain responsibility for the housing assets and functions of the former RDA, transferring such housing assets and functions to the Authority pursuant to Health and Safety Code 34176(b)(2);

E. On June 4, 2013, the Authority and City executed a Memorandum of Understanding (MOU) memorializing the nature of the Authority's and City's roles, obligations and promises relating to the transfer of the housing assets and functions of the former RDA to the Authority;

F. Authority now owns fee title to approximately 9.308 acres of real property located in the city of Coachella, County of Riverside, known as Assessor Parcel Numbers 768-371-001 through 768-371-008, 768-361-010 through 768-361-012, 768-372-015, 768-371-009 through

768-371 -019, 768-362-001- through 768-362-016, as generally depicted on the Site Map and described on the Legal Description respectively attached hereto as Exhibit "A" and "Exhibit "B" and each incorporated herein by this reference ("Property");

G. CVHC is a California nonprofit public benefit corporation engaged in building safe and affordable housing for low-income families;

H. On July 31, 2014, Authority issued RFP No. 2014-002 requesting proposals relating to the development of affordable single-family housing on the Property to preserve, protect, improve and increase the affordable housing stock and help eliminate blight within the County of Riverside ("County"). CVHC was the successful proposer by proposing the development of thirty-nine (39) single family homes to be sold for an affordable sales price and occupied by low-income families ("Project");

I. Facilitating the development of the Property for affordable single-family housing through the conveyance of land would also assist the County and the State of California in achieving its goals of assisting families of low-income; and

J. The purpose of this Agreement is to establish the procedures and standards for the negotiation by the Authority and CVHC (collectively the "Parties") of a DDA or such other type of agreement as the Parties may deem appropriate for the disposition of the Property and development of the Project. This Agreement in itself does not grant CVHC or any successor or affiliated entity the right to acquire the Property and/or develop the Project.

NOW, THEREFORE, Authority and CVHC hereby mutually agree as follows:

I. Recitals

The aforementioned recitals are incorporated herein by this reference and made a part of this Agreement.

II. Negotiation

A. Good Faith Negotiations

The Parties agree for the Negotiation Period (defined below) to negotiate diligently and in good faith, pursuant to this Agreement, to prepare a DDA to be entered into between the Parties with respect to the disposition and development of the Property; provided, however, by entering into this Agreement, the Parties are not required to enter into a DDA. Authority agrees for the Negotiation Period, and, if applicable, any Extension Period (defined below), not to negotiate with any other person or entity to enter into any agreement regarding the acquisition, disposition or development of the Property. "Good faith negotiations" as used herein shall mean that the Parties shall use their best efforts to communicate frequently and follow reasonable negotiation procedures to develop a DDA mutually acceptable to the Parties.

Each of the Parties will bear its own costs and expenses, including, but not limited to, attorneys' fees, incurred or to be incurred in connection with negotiating and preparing this

Agreement and the DDA and in carrying out the obligations under this Agreement (the "Direct Costs").

Nothing in this Agreement shall be deemed a covenant, promise, or commitment by the Authority with respect to the disposition of the Property.

B. Period of Negotiations

The negotiating period shall commence on the Effective Date (defined above) and end September 30, 2015 ("Negotiating Period"), subject to extension. The Negotiating Period may be extended for an additional one-year period (the "Extension Period") by the written mutual agreement of the Parties. The Authority's Executive Director, or his designee, has the authority, in his discretion, to consent to an extension of the Negotiation Period on behalf of the Authority. In determining whether or not to consent to an extension of the Negotiating Period, the Authority's Executive Director, or his designee, may consider, among other factors, the following, (i) whether sufficient progress in accomplishing the tasks set forth in the Schedule of Performance attached hereto as Exhibit "C" and incorporated herein by this reference, has occurred, and (ii) whether the Parties are continuing to work toward a mutually acceptable DDA.

If a DDA has not been executed by the Parties by the expiration of the Negotiating Period, including any Extension Period if applicable, then this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement except as to those rights and obligations which survive the termination of this Agreement, and the Authority shall be free to negotiate with any other persons or entities with regard to the Property. If a DDA is executed by the Parties, then, upon such execution, this Agreement shall terminate and all rights and obligations of the Parties shall be as set forth in the fully executed DDA.

C. Developer's Obligations During the Negotiation Period

CVHC shall, within the Negotiating Period (including any mutually agreed upon Extension Period) satisfy the following obligations (unless otherwise waived in writing by the Authority's Executive Director or designee):

1. Investigate the projected costs of developing the Project, including the performance of all related on-site and off-site improvements for the Project;
2. Agree to participate in all community meetings related to the Project;
3. Conduct community meetings as necessary or make presentations to the City Council and/or Authority Board of Commissioners;
4. Identify sources of funding and submit grant applications after consultation with Agency staff;
5. Conduct necessary studies and investigations for the development of 39 single family lots in the Tierra Bonita subdivision Tract #31258; and

6. Prepare and submit to Authority for its review:
 - a. A preliminary and final site plan and architectural/design concept for the proposed development of the Project, showing building layout and dimensions, parking, landscaping and access.
 - b. A preliminary schedule of the development of all structures and improvements proposed for the Project and an estimate of development costs including hard and soft costs.
 - c. A detailed financial plan for the Project containing matters typically contained in such analysis, including, without limitation, a detailed pro forma, development cost budget and sources of equity and debt capital securing construction and long term financing. The estimates and project date shall be in sufficient detail to permit adequate financial analysis by the Authority.
 - d. Copies of all completed reports, studies, analyses, and similar documents, but excluding confidential or proprietary information, prepared or commissioned by CVHC with respect to this Agreement and the Project, promptly upon their completion.

D. Authority's Obligations

Authority shall, within the Negotiation Period (and mutually agreed upon Extension Period) satisfy the following obligations:

1. Provide to CVHC all non-privileged/non-confidential documents and information in the Authority's possession or control regarding the Property, but without any representation as to accuracy or CVHC's right to rely on such information;
2. Negotiate exclusively through its staff with CVHC for the development of the Project;
3. Determine and process, any California Environmental Quality Act ("CEQA") documentation required in connection with the proposed sale of the Property to CVHC and Authority's approval of a DDA;
4. Review CVHC's proposal;
5. Adopt or Prepare a summary report, at Authority's expense, in accordance with Section 33433 of the Health and Safety Code, including the fees and expenses of any consultants to Authority employed in connection with the preparation of said summary report; and
6. Arrange for and obtain, at Authority's expense, publication of notices of the public hearing for consideration of the DDA.

III. Proposed Development

A. Development Concept and Essential Terms and Conditions

The proposed development to be negotiated hereunder shall include the development on the Property of approximately thirty nine (39) single-family homes to be sold for an affordable sales price to low-income households, as further specified herein and in CVHC's response to the Authority's RFP No. 2014-002 ("CVHC Proposal"). The CVHC Proposal is incorporated herein by this reference. The construction of the Project will be in conformance with the Tract Map No. 31158 conditions approved by the City.

CVHC intends to implement the USDA Self Help Method of Construction which combines mortgage loans, mortgage subsidy and owner/builder sweat equity. This method increases the opportunity of homeownership to households earning 80% of area median income and below.

The essential terms and conditions of any such DDA entered into with CVHC shall be in conformance with the following requirements:

1. CVHC shall acquire the Property from Authority in accordance with the Schedule of Performance attached hereto and satisfaction of certain conditions precedent to be negotiated as part of the DDA. The sale will occur after CVHC has satisfactory evidence of committed financing for the development of the Property as contemplated by the DDA;
2. CVHC shall design and construct the development on the Property, at its own cost and expense, in accordance with a schedule of performance to be negotiated as part of the DDA and in accordance with the scope and development and plans and specifications prepared by CVHC and approved in writing by Authority;
3. CVHC shall design and construct, if applicable, all on-site infrastructure improvements on the Property and develop a plan for financing the cost of infrastructure improvements;
4. CVHC shall secure at its own cost and expense, as required, in accordance with the schedule of performance to be negotiated as part of the DDA, any and all entitlements (other than grading or building permits or approvals which are simply ministerial and nondiscretionary in nature) (the "Entitlements"), which may be required by the City, County or any other governmental agency affected by construction and development of the Project (the "Governmental Authorities") to allow development of the Project;
5. CVHC shall be responsible for marketing the Project;
6. Other terms and conditions applicable to the DDA are as follows:

- a. It is understood and agreed by CVHC that design and architectural approval by Authority will be required for the development and that sketches, plans, working drawings, specifications and similar documents will be required to be submitted for written approval pursuant to the terms and provisions in the DDA.
 - b. It is understood and agreed by CVHC that in developing the Property, CVHC will coordinate with Authority the design and architectural theme of the Project to be compatible with other developments in the area.
7. The single family homes developed and conveyed as part of the Project shall be sold for an affordable sales price to and occupied by households earning eighty (80%) percent or less of the area median income (as defined by the U.S. Department of Housing and Urban Development). The final affordability, maximum income and sale price requirements will be established in the DDA and shall conform to the CRL, including, but not limited to the requirements set forth in Health and Safety Code Sections 34176 and 34176.1.

B. CVHC's Findings, Determinations, Studies, and Reports

From time-to-time, as reasonably requested by Authority, CVHC shall provide oral project status, and on the 5th of every month CVHC shall provide written progress reports, advising Authority on all matters related to the development, including financial feasibility analyses, construction cost estimates, marketing studies, and similar due diligence matters. Should negotiations not result in a DDA between Authority and CVHC, Authority may use the information provided by CVHC relating to the Property and the Project in any way deemed by Authority to be of benefit to Authority. All costs incurred by CVHC in the preparation and presentation of such findings, determinations, studies, reports or other requests by the Authority under this Agreement shall be at the sole expense of CVHC.

IV. Purchase Price and/or Other Consideration

The purchase price for the Property to be paid to the Authority by CVHC will be established in the DDA.

V. Environmental Requirements

Certain State and local environmental requirements under CEQA may be applicable to the proposed Project. Authority's Board of Commissioners will consider the DDA upon submission of Authority's successful negotiations with CVHC on the terms and conditions of the DDA. Authority will act as the "lead agency" under CEQA. Accordingly, CVHC agrees to supply information and otherwise cooperate with Authority, as requested by Authority to determine the environmental impact of the proposed Project, and to allow Authority to prepare such environmental documents as Authority may determine to be necessary pursuant to CEQA and Authority's guidelines and procedures.

VI. Assignment

Authority has selected CVHC as a potential collaborative developer partner due to, among other things, CVHC's extensive experience in the development and sale of affordable single-family housing, sustained history of leveraging multiple funding sources, and excellent references. Therefore, CVHC shall not assign all or any part of this Agreement without the prior written approval of Authority. Authority, in its reasonable discretion, may approve an assignment if: (1) the change is to a limited partnership, limited liability company or other entity formed for financing, in which CVHC is a co-general partner (if a limited partnership) or a managing member (if a limited liability company), and, in any case, possesses not less than a 50% interest in the entity; and (2) if, in the reasonable determination of Authority, the proposed reconstituted developer is comparable in all material respects (including experience, character and financial capability) to CVHC. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments first approved in writing as to form and content by the Authority's Executive Director and County Counsel, and subject to the approval by Authority's Board of Commissioners of evidence of the proposed assignee's qualifications to meet the obligations of CVHC under this Agreement. CVHC shall promptly notify Authority in writing of any significant change in the membership, management and control of CVHC or in the relative proportions thereof, or with respect to a change in the identity of the parties in control of the Developer or the degree thereof, by any method or means, of which it or any of its officers have been notified or otherwise have knowledge or information.

VII. Condition of Site

CVHC will assume the full and complete responsibility to make all investigations of surface and subsurface conditions as may be necessary or appropriate and to evaluate the suitability of the Property for the proposed Project. Neither Authority nor the County shall make any representations or warranties concerning the Property, its suitability for the use intended by CVHC, or the surface or subsurface conditions of the Property.

Upon successful negotiation and approval of a DDA, the Property shall be conveyed to CVHC "AS IS," meaning that CVHC will be accepting the Property in its present condition, including, but not limited to, the physical condition of the Property and all laws, rules and regulations, whether federal, state or local, having or potentially having any impact on ownership, use, subdivision, improvement or other aspects of the Property. If a DDA is executed and approved by Authority, CVHC shall be responsible, at its own sole cost and expense, for improvements on the Property in connection with the construction of the Project, and will do all things necessary to prepare the Property for the construction and development of the Project in accordance with the Entitlements therefore.

VIII. Right of Entry

Authority hereby grants to CVHC and its employees, agents and contractors (herein referred to collectively as "CVHC Designees") the nonexclusive right to enter upon the Property at any time during the Negotiation Period to perform a survey and certain work, consisting of geotechnical investigation, soil testing, a Phase I Environmental Assessment prepared in compliance with the most recent published American Society for Testing and Materials Phase I

Environmental Property Assessment Standard, a Phase II Environmental Investigation and Report, if required, and other due diligence related activities (collectively, "Work"), and for no other purposes without the prior written approval of Authority's Executive Director or designee.

Prior to each entry onto the Property, CVHC shall provide three (3) working days advance written notice to Authority to arrange for access.

Prior to any entry onto the Property for the taking of environmental samples or testing, CVHC shall provide Authority with a work plan for on-site activity, including but not limited to a copy of its sampling and testing procedures. Such work plan shall be provided not less than three (3) working days in advance of any activity contemplated under this Agreement.

CVHC shall provide to Authority a copy of all results generated by the sampling and testing performed pursuant to this Agreement. CVHC acknowledges and agrees for itself and on the behalf of CVHC Designees as follows:

- A. CVHC will not permit any dangerous condition to be created on the Property as a result of the activities of CVHC or CVHC Designees;
- B. That all acts and things done by CVHC on the Property will be done in a reasonable manner, in accordance with all federal, state and local laws;
- C. CVHC will enter the Property entirely at its own cost, risk and expense;
- D. That prior to CVHC's entry upon the Property and during the term of this Agreement, CVHC shall require each and all of CVHC's contractors/consultants responsible for the work under this Agreement with whom CVHC enters into a written contract for such work to maintain, in full force and effect, statutory workers' compensation insurance coverage and a commercial general liability policy in the amount of at least One Million Dollars (\$1,000,000) combined single limit policy. Not less than three (3) working days prior to entry on the Property, CVHC shall cause CVHC's contractors/consultants with whom CVHC enters into a written contract for such work to provide certificates evidencing such coverage and naming Authority as additionally insured, as its interests may appear;
- E. CVHC shall not suffer or permit to be enforced against the Property, or any part thereof, any mechanics', materialmen's, contractors' or subcontractors' liens or any claim for damage arising from any work performed by CVHC or CVHC's designee's use of and activities upon the Property pursuant to this Agreement. CVHC shall pay, or cause to be paid, all said liens, claims or demands before any action is brought to enforce the same against the Property.
- F. CVHC shall not have any interest in the Property or be entitled to any reimbursement or repayment for any Work performed upon the Property pursuant to this Agreement;
- G. CVHC shall take all necessary precautions to prevent the import and/or release

into the environment of any hazardous materials which are imported to, in, on or under the Property during the performance of the Work. If hazardous materials are imported onto the Property as a result of the performance of the Work, CVHC shall be solely responsible for removing such imported hazardous materials in conformance with all governmental requirements. CVHC shall report to Authority, no later than 24 hours after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Property;

- H. CVHC shall obtain and maintain all governmental permits and approvals required for the Work conducted under this Agreement and shall comply with all statutes, ordinances, rules, regulations, orders and requirements now in effect or that become effective during the term of this Agreement applicable to its sampling and other activities pursuant to the access granted by this Agreement; and
- I. CVHC shall initiate the process for the necessary entitlements required for the Project. This includes performing any necessary studies and or plans required for the entitlement process.

IX. Indemnity

CVHC shall indemnify and hold harmless the Authority, County of Riverside, and their respective Agencies, Districts, Special Districts and Departments, and their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of CVHC, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of CVHC, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. CVHC shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by CVHC, CVHC shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes CVHC's indemnification to Indemnitees as set forth herein.

CVHC's obligation hereunder shall be satisfied when CVHC has provided to Authority the appropriate form of dismissal relieving the County and/or Authority from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe CVHC's obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the CVHC from indemnifying the Indemnitees to the fullest extent allowed by law.

The indemnity set forth in this section IX shall survive the termination of this Agreement.

X. Default and Remedies

(a) Failure by either party to negotiate in good faith as provided in this Agreement shall constitute an event of default under this Agreement. The non-defaulting party shall give written notice of a default to the defaulting party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting party of such notice, the non-defaulting Party may exercise the remedies set forth in subsection (b) below.

(b) Remedies.

(1) Authority Default. In the event of an uncured default by Authority under this Agreement, CVHC shall be entitled to terminate this Agreement in which case following such termination, neither party shall have any further right, remedy or obligation under this Agreement.

(2) CVHC Default. In the event of an uncured default by CVHC under this Agreement, Authority shall be entitled to terminate this Agreement. Following such termination, neither party shall have any right, remedy or obligation under this Agreement; provided, however, that the indemnification obligations pursuant to Section IX shall survive such termination.

The Authority and CVHC hereby waive the right to specific performance as a remedy under this Agreement.

(c) Waiver of Default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of said default or of any rights or remedies in connection therewith or of any subsequent default or any rights or remedies in connection therewith, or deprive such Party 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.

XI. CVHC Employees and Liabilities

It is understood that persons engaged or employed by CVHC as employees, agents, or independent contractors shall be engaged or employed by CVHC and not by Authority. CVHC alone is responsible for their work, direction, compensation and personal conduct. Nothing included in any provision of this Agreement shall impose any liability or duty upon Authority to persons, firms, or corporations employed or engaged by CVHC in any capacity whatsoever, or

make Authority liable to any such persons, firms, or corporations, or to any government, for the acts, omissions, liabilities, obligations, and taxes, of whatsoever nature, of CVHC or of its employees, agents, or independent contractors.

XII. CVHC's Obligation to Refrain from Discrimination; CVHC's Obligation Toward Equal Opportunity

CVHC covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, disability, medical condition, or marital status, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall CVHC itself or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases, or vendors of the Property.

CVHC will not discriminate against any employees or applicants for employment because of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, disability, medical condition, or marital status.

XIII. Nonliability of Officials, Officers, Members, and Employees

No member, official, officer, or employee of the Authority or the County shall be personally liable to CVHC, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to CVHC or to his successor, or on any obligations under the term of this Agreement.

XIV. Waivers; Amendments

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Authority and CVHC.

XV. Actions By Authority

The Authority Executive Director or designee is authorized to take such ministerial actions as may be necessary or appropriate to implement the terms, provisions, and conditions of this Agreement as it may be amended from time to time by Authority.

XVI. Real Estate Commissions

Authority shall not be liable for any real estate commissions or brokerage fees which may arise herefrom. Authority and CVHC each represents that it has engaged no broker, agent or finder in connection with this transaction, and CVHC acknowledges and agrees to hold the Authority harmless from any claim by any broker, agent or finder which it has retained.

XVII. Acknowledgments and Reservations

If the negotiations hereunder culminate into a DDA, such DDA will become effective only after and if it has been considered and approved by Authority's Board of Commissioners and the County Board of Supervisors, as required by law.

- a. Not Binding The Parties acknowledge and agree that this Agreement is for the sole purpose of stating the intention of the Parties to negotiate a DDA. The Parties have not reached agreement on the matters to be set forth in a DDA, and do not intend to be bound to the disposition and development of the Property until such time as a final written DDA is executed by both Parties.

The Authority's acknowledgment of this Agreement is merely an agreement to enter into a period of negotiations according to the concepts presented herein, reserving final discretion and approval of the DDA by the Authority's Board of Commissioners, or any other agencies of the County as to any actions required of them, if any.

- b. No Further Obligations The Authority and CVHC agree that neither the Authority nor CVHC shall be under any further obligation to each other regarding the assembly and disposition of the Property or the development of the proposed project on the Property if this Agreement expires, is terminated for any reason, or a DDA is not executed by both the Authority and CVHC.
- c. No Agreement CVHC acknowledges and agrees that no provision of this Agreement shall be deemed to be an offer by the Authority, nor an acceptance by the Authority of any offer or proposal from CVHC, for the Authority to convey to CVHC any interest in all or a portion of the Property or in or to the Property, or for the Authority to provide any financial or other assistance to CVHC for development of the Property.
- d. No Acquisition CVHC acknowledges and agrees that it has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in the Property or any other real or personal property of the Authority or the County.
- e. Limitations of this Agreement Nothing contained in this Agreement shall constitute a waiver, amendment, promise or agreement by the Authority or County (or any of its departments or boards) as to the granting of any approval, permit, consent or other entitlement in the exercise of the Authority or County's regulatory capacity or function. The final form of any proposed DDA to be negotiated may contain matters not contemplated by this Agreement, including, but not limited to, matters necessary to accommodate compliance with law, including without limitation CEQA.

XVIII. Insurance

Concurrently with the execution of this Agreement by CVHC, CVHC shall procure and keep in full force and effect during the term of this Agreement, including any extensions thereto, the following insurance policies:

- a. Worker's Compensation Insurance. If CVHC has employees as defined by the State of California, CVHC shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.
- b. Comprehensive General Liability Insurance. Comprehensive General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of CVHC'S performance of its obligations hereunder. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.
- c. Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then CVHC shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured or provide similar evidence of coverage approved by Authority's Risk Manager.
- d. General Insurance Provisions – All Lines.
 - 1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by Authority's Risk Manager. If Authority's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

- 2) CVHC's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of Authority's Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to Authority, and at the election of Authority's Risk Manager, CVHC's carriers shall either: (a) reduce or eliminate such self-insured retention as respects this Agreement with Authority, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.
- 3) CVHC shall cause CVHC's insurance carrier(s) to furnish Authority with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Authority's Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the Authority receives, prior to such effective date, another Certificate of Insurance and copies of endorsements, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. CVHC shall not commence operations until Authority has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so, on its behalf, shall sign the original endorsements for each policy and the Certificate of Insurance.
- 4) It is understood and agreed to by the parties hereto that CVHC's insurance shall be construed as primary insurance, and Authority's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.
- 5) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.); or, the term of this Agreement, including any extensions thereof, exceeds five (5) years Authority reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if; in Authority's Risk Manager's reasonable judgment, the amount or type of insurance carried by CVHC has become inadequate.
- 6) CVHC shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

- 7) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to Authority.
- 8) CVHC agrees to notify Authority of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

XIX. Authority to Execute

The persons executing this Agreement or exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have the authority to bind the respective parties to this Agreement to the performance of its obligations hereunder.

XX. Notices

Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested, or sent by express delivery or overnight courier service, to the office of the Parties shown as follows, or such other addresses as the Parties may designate in writing from time to time:

AUTHORITY:

Housing Authority of the
County of Riverside
Attention: Assistant Director
5555 Arlington Avenue
Riverside, CA 92504-2506

CVHC:

Coachella Valley Housing Coalition
Attention: Executive Director
45-701 Monroe Street, Suite G
Indio, CA 92201

Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered or the date on which delivery was refused.

XXI. Entire Agreement

This Agreement constitutes the entire agreement of the Parties regarding the subject matter of this Agreement and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the Property.

XXII. Conflict of Interest

No member, official, or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

XXIII. No Third Party Beneficiaries.

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of the Authority and CVHC, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein. The Parties acknowledge and agree that the County of Riverside is an intended third party beneficiary of this Agreement.

XXIV. Further Assurances.

Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all necessary acts and things in connection with the performance of their obligations hereunder and to carry out the intent and agreements of the parties.

XXV. Severability

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

XXVI. Jurisdiction and Venue

Any action at law or in equity arising under this Agreement or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the consolidated Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

XXVII. Interpretation and Governing Law

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the internal laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

XXVIII. Counterparts

This Agreement may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written below.

AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency

By: _____

Name: _____

Its: Chairman, Board of Commissioners

Date: _____

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

By: Jhaila R. Brown
Jhaila R. Brown, Deputy County Counsel

CVHC:

The Coachella Valley Housing Coalition,
a California public benefit corporation

By: Pedro S.G. Rodriguez
Pedro S.G. Rodriguez, Chief Financial Officer

Date: DECEMBER 23, 2014

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

EXHIBIT A SITE MAP

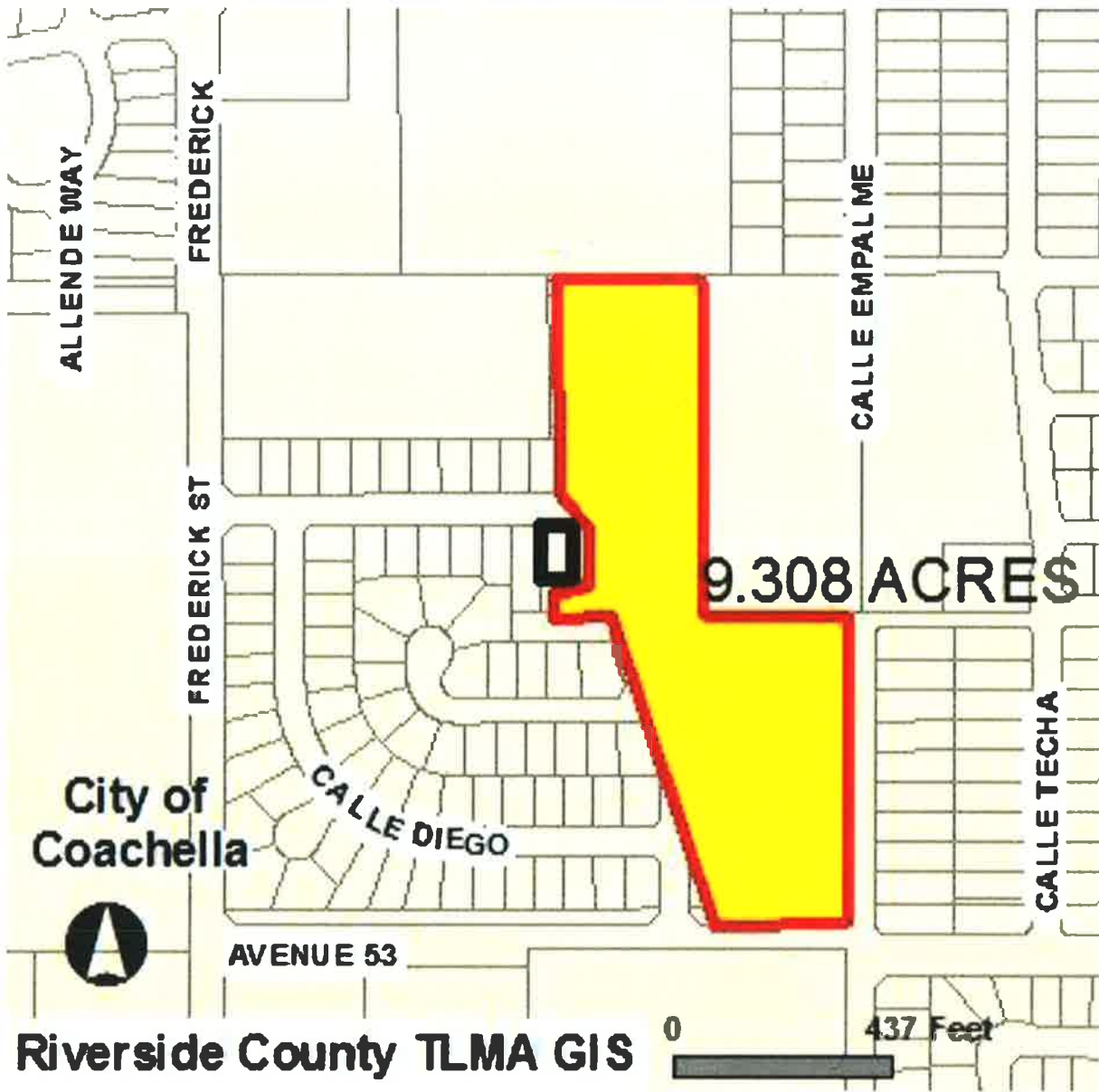


EXHIBIT B

LEGAL DESCRIPTION

All that real property located in the City of Coachella, County of Riverside, State of California, defined as follows:

Lots 24 through 31, 55 through 58, and 78 through 104, Inclusive of Tract No. 31158, In the City of Coachella, County of Riverside, State of California, as shown by Map on file in Book 397, Pages 1 to 5 Inclusive of maps, in the office of the Riverside County Recorder.

Assessor Parcel Numbers: 768-371-001 through -008, 768-361-010 through -012, 768-372-015, 768-371-009 through -019, 768-362-001- through -016

Cross Streets: Avenue 53 and Calle Leandro, Coachella, CA 92236

EXHIBIT C

SCHEDULE OF PERFORMANCE

| Tierra Bonita, 39 Homeownership Units, Coachella Preliminary Project Development Timeline | |
|--|---------------------------|
| KEY COMPONENTS | Date |
| Board of Commissioner Approvals | |
| BOC Approval of Exclusive Negotiation Agreement. | On January 27 2015 |
| Draft and review DDA | No later than April 2015 |
| BOC Approval of DDA | On May 1, 2015 |
| Construction Phase | |
| Construction Plans Complete | No later than May 2015 |
| Plan Check Approval | No later than June 2015 |
| Construction Final Bidding | No later than July 2015 |
| Permits | No later than July 2015 |
| Start Construction | No later than August 2015 |
| Construction Completion | No later than June 2016 |
| Close of Escrow for all Low Income Homebuyers | August 2015 |