

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

126



FROM: Housing Authority

SUBMITTAL DATE:

January 15, 2014

SUBJECT: Exclusive Negotiation Agreement with Habitat for Humanity Riverside for the Jurupa Valley Enriched Veterans Neighborhood Project, District 2, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached Exclusive Negotiation Agreement with Habitat for Humanity Riverside for the Jurupa Valley Enriched Veterans Neighborhood Project;
2. Authorize the Chairman of the Board of Commissioners to execute said attached agreement; and,
3. Authorize the Executive Director, or designee, to take all necessary steps to implement the Exclusive Negotiation Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to approval by County Counsel.

BACKGROUND:

Summary Commences on Page 2)

[Signature]

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: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE

BY: *[Signature]*
Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

On motion of Supervisor Stone, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: January 28, 2014
xc: Housing

Kecia Harper-Ihem
Clerk of the Board
By: *[Signature]*
Deputy

Prev. Agn. Ref.: 3-33 of 3/26/13; 10-3 of 8/20/13

District: 2/2

Agenda Number:

10-3

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* 1/14/14
JANILAN BROWN / DATE

Departmental Concurrence

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

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

Housing Authority

FORM 11: Exclusive Negotiation Agreement with Habitat for Humanity Riverside for the Jurupa Valley Enriched Veterans Neighborhood Project, District 2, [\$0]

DATE: January 15, 2014

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BACKGROUND:

Summary

On March 26, 2013, the County of Riverside pledged its goal to ensure that every veteran in Riverside County who wishes to help themselves has access to medical and mental health services, workforce development training, job assistance and affordable housing priority under the Veteran Assistance Leadership of Riverside County (VALOR). As a member of the VALOR sub-committee of the Board, the Housing Authority of the County of Riverside (Housing Authority) supports the program and its "No Veteran Left Behind" strategy.

On August 20, 2013, the Board of Commissioners adopted Resolution No. 2013-008, supporting Habitat for Humanity Riverside's reservation of \$9,000,000 from the California Department of Veteran Affairs and the Housing Authority's intent to donate land for the Habitat for Humanity Riverside Jurupa Valley Enriched Veterans Neighborhood Project.

Habitat for Humanity Riverside is a nonprofit corporation that partners with the California Department of Veteran Affairs in building safe and affordable housing for low-income families, including low-income veteran families. Habitat for Humanity Riverside is proposing to develop and construct approximately 30 to 45 single-family homes for low-income families, with a preference for veterans, on approximately 8.0 acres of vacant land owned by the Housing Authority. The subject land was transferred to the Housing Authority as part of the dissolution of redevelopment as further discussed below. The land is located on the north side of Mission Boulevard, between Bellegrave Avenue and Pedley Road, in the City of Jurupa Valley. In collaboration with Habitat for Humanity San Fernando/Santa Clarita Valleys, Habitat for Humanity Riverside plans to implement their trademarked Habitat Enriched Neighborhood model and partner with local businesses and community organizations to provide the community of families with social services and training to achieve self-sufficiency. The Habitat Enriched Neighborhood model is a neighborhood community that integrates a supportive environment connecting families directly to services and programs that provide training and encourage self-sufficiency. Services and programs include social services, health information, home repair, money management, tutoring and job search assistance.

Habitat for Humanity Riverside wishes to enter into an Exclusive Negotiation Agreement with the Housing Authority to explore and negotiate in good faith a possible Disposition and Development Agreement (DDA) for Habitat's Jurupa Valley Enriched Veterans Neighborhood Project. The Exclusive Negotiation Agreement does not constitute a commitment for conveyance or development of the property nor promise to enter into a DDA. Any resulting DDA will be subject to the approval of the Board. Habitat for Humanity Riverside will process the entitlements and may seek other leveraging sources for the development and construction of the project.

As you are aware, the Redevelopment Agency for the County of Riverside ("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. Pursuant to Health and Safety Code Section 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets (excluding amounts in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency) were transferred to the Housing Authority, including the property which is the subject of the proposed ENA.

County Counsel has reviewed and approved as to form the attached Exclusive Negotiation Agreement. Staff recommends that the Board adopt the attached Exclusive Negotiation Agreement.

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

Housing Authority

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Impact on Residents and Businesses

The project may have some impact on local residents and businesses. As a result of constructing the project, jobs could be created and affordable housing would be available to qualified low-income families. The land will remain vacant and under the control of the Housing Authority until a Disposition and Development Agreement is approved by the Board of Commissioners.

SUPPLEMENTAL:

Additional Fiscal Information

No general funds will be used for this agreement. Habitat 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 Habitat's Jurupa Valley Enriched Veterans Neighborhood Project.

Attachment:

- Exclusive Negotiation Agreement

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT ("Agreement") is entered into as of January 28, 2014 ("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 Redevelopment Agency for the County of Riverside ("Authority"), and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation ("HFHR"), on the terms and provisions set forth below:

RECITALS

A. On March 26, 2013, the County of Riverside ("County") pledged its goal to ensure that every veteran in the County who wishes to help themselves has access to medical and mental health services, workforce development training, job assistance, and affordable housing priority under the Veteran Assistance Legislation of Riverside County ("VALOR");

B. 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 is a member of the VALOR sub-committee appointed by the County's Board of Supervisors to support its program and its "No Veteran Left Behind" strategy;

C. 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"). The Redevelopment Agency for the County of Riverside ("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;

D. Pursuant to Health and Safety Code Section 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets (excluding amounts in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency) were transferred to the Authority, including the Property (defined below); and

E. Authority owns in fee that certain real property located in the City of Jurupa Valley identified by Assessor Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 respectively, which consists of approximately 5.6 acres as legally described and depicted on the map attached hereto as Exhibit A and incorporated herein by this reference (the "Property");

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

G. HFHR, in collaboration with the California Department of Veteran Affairs ("CalVet") and Habitat for Humanity San Fernando/Santa Clarita Valleys, wishes to implement its Habitat Enriched Neighborhood model (discussed below) in the City of Jurupa Valley and partner with local businesses and community organizations to provide and support a community

of approximately 30 to 45 low-income families, with a preference for veterans, with social services and training to achieve self-sufficiency (the "Jurupa Valley Enriched Veterans Neighborhood Project" or "Project") to be developed on the Property pursuant to a Disposition and Development Agreement ("DDA") with the Authority. HFHR has reserved approximately \$9,000,000 with CalVet to provide home loans under the terms and conditions prescribed by the Military and Veterans Code and Title 12 of the California Code of Regulations;

H. Authority desires to encourage and effectuate the development of the Property which will serve to preserve, protect, improve and increase the affordable housing stock and help eliminate blight;

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, including low-income veterans and their families; and

J. The purpose of this Agreement is to establish the procedures and standards for the negotiation by the Authority and HFHR (hereinafter 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 HFHR or any successor or affiliated entity the right to acquire the Property and/or develop the Project.

NOW, THEREFORE, Authority and HFHR 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 sale 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 the Extension Period (defined below), if an Authority Board of Commissioner's approved DDA is signed and submitted by HFHR to Authority during the Negotiation Period, 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 August 20, 2014 ("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 Executive Director of the Authority 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 Executive Director may consider the following factors, (i) whether sufficient progress in accomplishing the tasks set forth in the Schedule of Performance, attached hereto as Exhibit B 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, then this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement except as set forth in Section IX 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

HFHR 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. Complete the process for the necessary entitlements required for the Project;
3. Agree to participate in all community meetings related to the Project;
4. Assist Authority in its efforts to create a developable site if needed; and
5. 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 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 HFHR 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. Negotiate exclusively through its staff with HFHR for the development of the Project;
- 2. Determine and process, any California Environmental Quality Act ("CEQA") documentation required in connection with the proposed sale of the Property to HFHR and Authority's approval of a DDA;
- 3. Review site plans and use its best efforts through the fast track process to assist HFHR in securing any and all Project Entitlements (as hereinafter defined), which may be required by the City of Jurupa Valley, the County of Riverside or any other Governmental Authorities (as hereinafter defined);
- 4. Review HFHR's proposal;
- 5. 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 (30) to forty-five (45) single-family homes to be sold to

low-income households. Veteran families will be given preference in the Project. The location of each single family homes footprint and associated square footages may vary as the development becomes more defined. The description of the Property proposed to be conveyed pursuant to this Agreement, may also be expanded to include additional real property acquired by the Authority.

HFHR plans to implement their trademarked Habitat Enriched Neighborhood model and partner with local businesses and community organizations to provide the community of families with social services and training to achieve self-sufficiency.

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

1. HFHR shall acquire the Property from Authority in accordance with the Schedule of Performance and satisfaction of certain conditions precedent to be negotiated as part of the DDA. The sale will occur after HFHR has satisfactory evidence of committed financing for the development of the Property as contemplated by the DDA;
2. HFHR 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 HFHR and approved in writing by Authority;
3. HFHR 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. HFHR 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, an amendment to the General Plan for the City of Jurupa Valley ("City") or County of Riverside ("County"), as the case may be, a change of zone for the Property and 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. HFHR shall be responsible for marketing the Project;
6. Other terms and conditions applicable to the DDA are as follows:
 - a. It is understood by HFHR 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 that in developing the Property HFHR 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 affordable to and occupied by households earning 80 percent or less of the area median income. 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. HFHR's Findings, Determinations, Studies, and Reports

From time-to-time, as reasonably requested by Authority, HFHR shall provide oral project status, and on the 5th of every month HFHR 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 HFHR, Authority may use the information provided by HFHR in any way deemed by Authority to be of benefit to Authority. All costs incurred by HFHR 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 HFHR.

IV. Purchase Price and/or Other Consideration

The purchase price for the Property to be paid to the Authority by HFHR 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 HFHR on the terms and conditions of the DDA. Authority will act as the "lead agency" under CEQA. Accordingly, HFHR 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 HFHR as a potential collaborative developer partner due to, among other things, HFHR's experience in the development of affordable single-family housing and HFHR's reservation of approximately \$9,000,000 with CalVet to provide home loans under the terms and

conditions prescribed by the Military and Veterans Code and Title 12 of the California Code of Regulations. Therefore, HFHR 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 HFHR 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 HFHR. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments 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 HFHR under this Agreement. HFHR shall promptly notify Authority of any and all changes whatsoever in the identity of the parties in control of HFHR or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

VII. Condition of Site

HFHR 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 HFHR, or the surface or subsurface conditions of the Property.

Upon successful negotiation and approval of a DDA, the Property shall be conveyed to Habitat "AS IS", meaning that HFHR 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, HFHR 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 HFHR and its employees, agents and contractors (herein referred to collectively as "HFHR 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.

Prior to each entry onto the Property, HFHR 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, HFHR 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.

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

- A. HFHR will not permit any dangerous condition to be created on the Property as a result of the activities of HFHR or HFHR Designees;
- B. That all acts and things done by HFHR on the Property will be done in a careful and reasonable manner, in accordance with all federal, state and local laws;
- C. HFHR will enter the Property entirely at its own cost, risk and expense;
- D. That prior to HFHR's entry upon the Property and during the term of this Agreement, HFHR shall require each and all of HFHR's contractors/consultants responsible for the work under this Agreement with whom HFHR 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, HFHR shall cause HFHR's contractors/consultants with whom HFHR 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. HFHR 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 HFHR or HFHR's designee's use of and activities upon the Property pursuant to this Agreement. HFHR 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. HFHR 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. HFHR 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, HFHR shall be solely responsible for removing such imported hazardous materials in conformance with all governmental requirements. HFHR shall report to Authority, as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Property;

- H. HFHR 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. HFHR shall initiate and complete 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

HFHR shall indemnify and hold harmless Authority and the County of Riverside, their elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of HFHR, 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 HFHR, its officers, agents, employees, subcontractors, agents or representatives from this Agreement. HFHR 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, Authority and/or County of Riverside, its elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by HFHR, HFHR 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 HFHR's indemnification to Authority and County as set forth herein.

HFHR's obligation hereunder shall be satisfied when HFHR has provided to Authority the appropriate form of dismissal relieving 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 HFHR's obligations to indemnify and hold harmless Authority 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 HFHR from indemnifying Authority and/or County of Riverside to the fullest extent allowed by law.

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, HFHR 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) HFHR Default. In the event of an uncured default by HFHR 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 HFHR 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. HFHR Employees and Liabilities

It is understood that persons engaged or employed by HFHR as employees, agents, or independent contractors shall be engaged or employed by HFHR and not by Authority. HFHR 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 HFHR 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 HFHR or of its employees, agents, or independent contractors.

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

HFHR 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 HFHR 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.

HFHR 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 HFHR, 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 HFHR 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 HFHR.

XV. Actions By Authority

The Executive Director of Authority or designee(s) are 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 HFHR each represents that it has engaged no broker, agent or finder in connection with this transaction, and HFHR 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 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 HFHR agree that neither the Authority nor HFHR 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 HFHR.

c. No Agreement

HFHR 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 HFHR, for the Authority to convey to HFHR 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 HFHR for development of the Property.

d. No Acquisition

HFHR 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.

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 HFHR, HFHR 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 HFHR has employees as defined by the State of California, HFHR 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 HFHR'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 HFHR 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) HFHR'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, HFHR'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) HFHR shall cause HFHR'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. HFHR 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 HFHR'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 HFHR has become inadequate.
- 6) HFHR 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) HFHR 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

HFHR:

Habitat for Humanity Riverside
Attention: Executive Director
2180 Iowa Avenue
Riverside, CA 92507

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 HFHR, 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.

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

AUTHORITY:

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

By: Jeff Stone
Jeff Stone, Chairman
Board of Commissioners

HFHR:

HABITAT FOR HUMANITY RIVERSIDE, County of Riverside, a California public benefit corporation

By: Karin Roberts
Karin Roberts, Executive Director

APPROVED AS TO FORM:

PAMELA J. WALLS
COUNTY COUNSEL

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

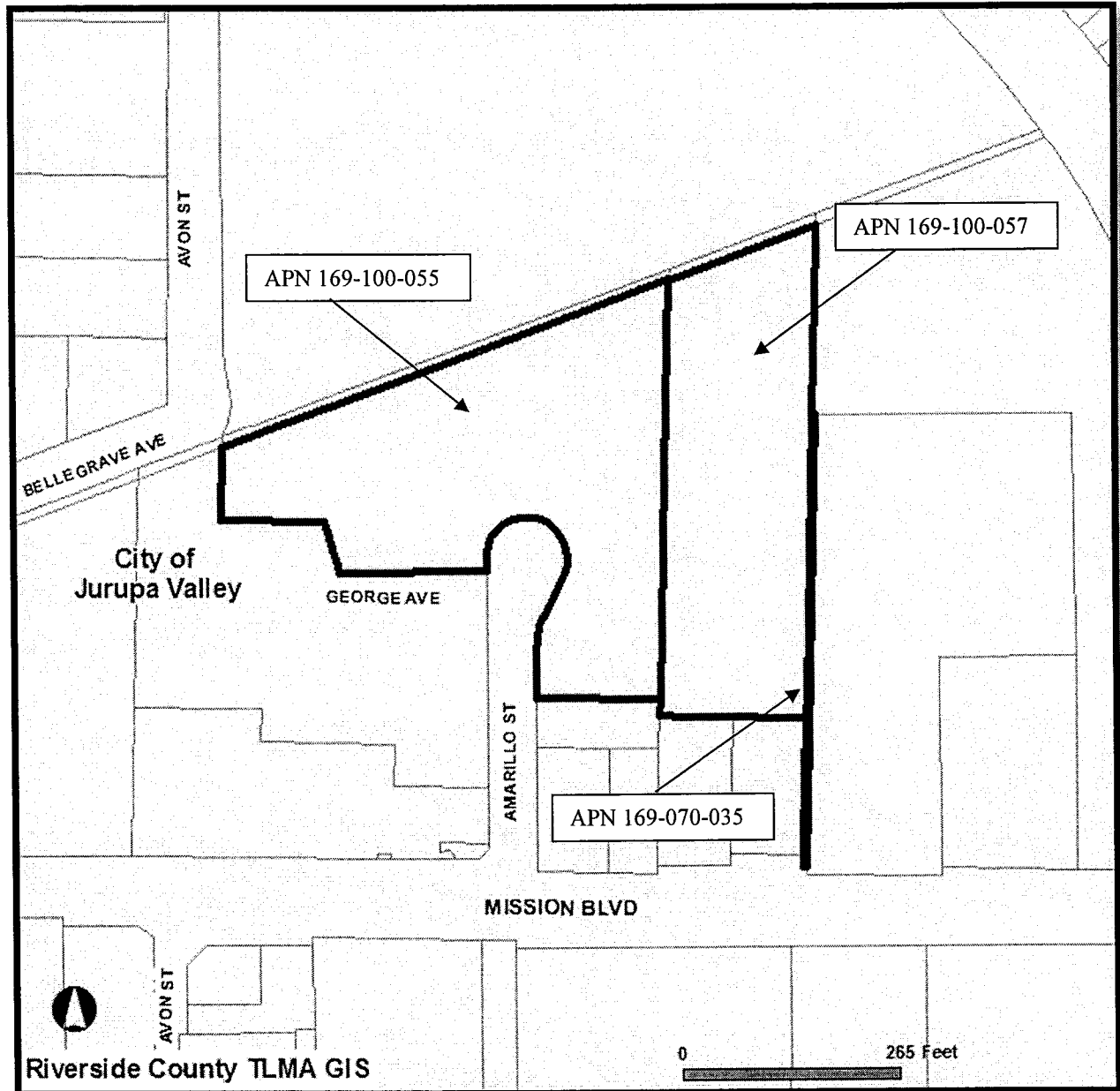
ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: April Eckert
Deputy

Exhibit A

Property
APNs: 169-100-055, 169-100-057 and 169-070-035
Acres: 5.6



LEGAL DESCRIPTION

Real property in the City of Jurupa Valley, County of Riverside, State of California, described as follows:

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel 1:

All that portion of Lot 2, La Bonita as shown by map on filed in Book 1, Page 12 of Maps, Records of Riverside County, California;

Beginning at the Southwesterly corner of said Lot 2;

Thence Easterly along the Southerly line of said Lot 2 a distance of 160 feet to the True Point of Beginning;

Thence Northerly and parallel with the Westerly line of said Lot 2 a distance of 140 feet;

Thence Easterly and parallel with the Southerly line of said Lot 2 a distance of 120 feet;

Thence Southerly and parallel with the Westerly line of said Lot 2, a distance of 140 feet to the Southerly line of said Lot 2;

Thence Westerly along the Southerly line of said Lot 2 a distance of 120 feet to the True Point of Beginning;

EXCEPTING THEREFROM the Southerly rectangular 40 feet thereof included in Mission Boulevard.

Parcel 2:

That portion of Lot 2 of La Bonita Tract, as shown by map on file in Book 1, Page 12 of Maps, in the Office of the County Recorder of said County, described as follows:

Commencing at the Southwest corner of said Lot 2;

Thence East along the South line of said Lot 2 a distance of 160 feet;

Thence North and parallel with the West line of Lot 2, a distance of 140 feet for the True Point of Beginning; said point being the Northwest corner of that certain parcel of land conveyed to Stanley M. Benskin, et ux, by deed recorded October 21, 1958 in Book 2351 Page 185 of Official Records;

Thence East along the Northerly line of said parcel so conveyed, and parallel with the South line of said Lot 2 a distance of 120 feet;

Thence North and parallel with the West line of said Lot 2 a distance of 50 feet;

Thence West and parallel with the South line of said Lot 2 a distance of 120 feet;

Thence South 50 feet to the point of beginning.

APN: 169-100-055

THAT PORTION OF LOT 2 OF LA BONITA TRACT, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 12 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, LYING IN SECTION 11, TOWNSHIP 2 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 2;

THENCE N 89° 55' 30" E, A DISTANCE OF 482.22 FEET, ALONG THE SOUTHERLY LINE OF SAID LOT 2, TO A LINE PARALLEL WITH AND 482.22 FEET EASTERLY OF, AS MEASURED AT RIGHT ANGLES, THE WESTERLY LINE OF SAID LOT 2;

THENCE N 00° 04' 30" W, ALONG SAID PARALLEL LINE, A DISTANCE OF 190.00 FEET TO A LINE PARALLEL WITH AND 190.00 FEET NORTHERLY OF, AS MEASURED AT RIGHT ANGLES, THE SOUTHERLY LINE OF SAID LOT 2 AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID PARALLEL LINE N 00° 04' 30" W, A DISTANCE OF 533.51 FEET TO THE NORTHERLY LINE OF SAID LOT 2;

THENCE N 69° 13' 30" E, ALONG SAID NORTHERLY LINE, A DISTANCE OF 185.56 FEET TO THE NORTHEAST CORNER OF SAID LOT 2;

THENCE S 00° 04' 30" E, ALONG THE EASTERLY LINE OF SAID LOT 2, A DISTANCE OF 599.10 FEET TO SAID LINE PARALLEL WITH AND 190.00 FEET NORTHERLY OF, AS MEASURED AT RIGHT ANGLES, THE SOUTHERLY LINE OF SAID LOT 2;

THENCES 89° 55' 30" W, ALONG SAID PARALLEL LINE, A DISTANCE OF 180.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 2.26 ACRES, MORE OR LESS.

APN: 169-100-057

THE WESTERLY 4 FEET OF THAT PORTION OF LOT 3 OF LA BONITA TRACT, AS SHOWN BY MAP ON FILE IN BOOK 1 PAGE 12 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED BY METES AND BOUNDS, AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE NORTH ON THE WEST LINE OF SAID LOT TO A POINT IN THE SOUTH LINE OF THE NORTH 5 ACRES OF SAID LOT, CONVEYED TO HARRY O. NORTHRUP AND WIFE, BY DEED FILED FOR RECORD NOVEMBER 25, 1924 IN BOOK 621 PAGE 334 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE EAST ON THE SOUTH LINE OF SAID NORTH 5 ACRES, 165 FEET; THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT TO THE SOUTH LINE OF SAID LOT; THENCE WEST ON SAID SOUTH LINE, 165 FEET TO THE POINT OF BEGINNING.

APN: 169-070-035-1

Exhibit B

Schedule of Performance

Jurupa Valley Enriched Veterans Neighborhood Project Preliminary Project Development Timeline	
KEY COMPONENTS	Date
Approvals, Entitlements/Financing Phase	
Submission to Planning Dept.	February 2014
Planning Commission	April/May 2014
BOC Approval of DDA	July 2014
Construction Phase	
Construction Plans Complete	May 2014
Plan Check Approval	June 2014
Construction Final Bidding	July 2014
Permits	July 2014
Start Construction	August 2014
Construction Completion	June 2015
Close of Escrow to Homebuyers	August 2015