

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



ITEM
10.2
(ID # 8694)

MEETING DATE:

Tuesday, January 29, 2019

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approve the Exclusive Negotiation Agreement between the Housing Authority of the County of Riverside and Northtown Housing and Development Corporation in Connection with a Proposed Affordable Rental Housing Project, located in the City of Jurupa Valley, District 2 [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the form of the attached Exclusive Negotiation Agreement (ENA) between the Housing Authority of the County of Riverside and Northtown Housing and Development Corporation in connection with the proposed affordable housing project, located in the City of Jurupa Valley; and
2. Authorize the Executive Director, or designee, to execute an ENA, substantially conforming in form and substance to the attached ENA, and to take all necessary steps to implement and administer the attached ENA, including, but not limited to, signing subsequent necessary and relevant documents, exercising the option to extend the ENA for one year, and executing amendments, subject to County Counsel's approval.

ACTION: Policy

A handwritten signature in black ink, appearing to read "Robert Field".

Robert Field, Assistant County Executive Officer/ECD 12/27/2018

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Commissioner Hewitt, seconded by Commissioner Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: January 29, 2019
xc: Housing Authority

Kecja Harper
Clerk of the Board
By Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	2018/19

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Housing Authority of the County of Riverside (HACR) is the current owner of approximately 4.43 acres of land, more specifically identified as Assessor Parcel Numbers 179-330-002, 179-330-003 and 179-330-005 (Property), currently being proposed for an affordable housing development to potentially be developed by Northtown Housing and Development Corporation (Northtown). The Property was acquired by the former Redevelopment Agency for the County of Riverside in July of 2006, for approximately \$2,843,000 in Redevelopment Low- and Moderate-Income Housing Tax Exempt Bond proceeds.

On October 6, 2015, the HACR Board of Commissioners approved an Exclusive Negotiation Agreement (ENA) with Northtown to explore and negotiate in good faith a possible Disposition and Development Agreement (DDA) to develop and build 68 permanent affordable housing units on the Property restricted for persons earning 80% or less of the area median income for the County of Riverside (Proposed Project). Pursuant to the ENA, Northtown agreed to process entitlements through the City of Jurupa Valley and seek other leveraging sources for the development of the Project. The term of the ENA was for 18 months with the option to extend for one additional year. On April 5, 2017, the HACR and Northtown agreed in writing in a First Amendment to Exclusive Negotiation Agreement to extend the term of the ENA for one additional year expiring April 6, 2018 due to the time needed to obtain city approvals.

Although the ENA expired, Northtown desires to continue to explore and negotiate in good faith a possible DDA through a new ENA in order to complete entitlements through the City of Jurupa Valley and apply for No Place Like Home Program funding through the California Department of Housing and Community Development (Department) to address affordability issues associated with creating housing units that are specifically set aside for persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless.

The Proposed Project set forth in the new ENA is in line with the HACR's mission of providing affordable, decent, safe and sanitary housing for low income families and satisfies the covenants of the bond proceeds utilized to acquire the Property. The new ENA does not constitute a commitment to sell or develop the Property; any agreement arising out of the ENA will be subject to the prior approval of the Board of Commissioners. The term of the proposed new ENA is for 12 months with a one (1) year extension, should the parties mutually agree.

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

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

Impact on Residents and Businesses

The potential development of 68 affordable units will have a positive impact on the residents in the County of Riverside as it will create much needed affordable housing in the County as well as create construction, maintenance and property management jobs.

Additional Fiscal Information

No general funds will be used for the proposed ENA. Northtown will bear its own costs and expenses incurred in connection with negotiating and preparing in good faith a possible disposition and development agreement, or such other type of agreement as the parties may deem appropriate, for the Proposed Project.

Attachments:

- Exclusive Negotiation Agreement with Northtown Housing and Development Corporation


Nehini Baskin, Principal Management Analyst 1/22/2019


Gregory V. Priamos, Director County Counsel 1/16/2019

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT ("Agreement") is entered into as of January 29, 2019, 2019 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 ("HACR") and Northtown Housing Development Corporation, a California nonprofit public benefit corporation ("Northtown"), collectively referred to as "Parties" and individually as a "Party," on the terms and provisions set forth below:

RECITALS

A. WHEREAS, the HACR is a Housing Authority duly created, established and authorized to transact business and exercise its powers, under and pursuant to the provisions of the Housing Authorities Law which is Part 2 of Division 24 of the California Health and Safety Code (commencing with Section 34200 et seq);

B. WHEREAS, the HACR owns fee title to approximately 4.43 acres of land, more specifically identified as Assessor Parcel Numbers 179-330-002, 179-330-003 and 179-330-005 ("Property");

C. WHEREAS, 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 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. WHEREAS, pursuant to Health and Safety Code Section 34176 (a), and HACR 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 HACR, including the Property (defined below);

E. WHEREAS, Northtown proposes to build an affordable housing development on the Property;

F. WHEREAS, Northtown is engaged in the development, construction and operation of affordable housing, serving residents of the County of Riverside ("County");

G. WHEREAS, the HACR wishes to explore entering into an agreement with Northtown for the potential acquisition of the Property by a limited partnership to be formed by Northtown ("Partnership") in connection with the proposed development and construction thereon of an affordable housing project as approximately sixty-eight (68) affordable rental housing units to be rented to and occupied by low income households ("Project");

H. WHEREAS, the HACR 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 within the County;

I. WHEREAS, facilitating the development of the Property for affordable multi-family rental housing would also assist the County and the State of California in achieving its goals of assisting families of low-income; and

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

NOW, THEREFORE, HACR and Northtown 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 HACR's disposition of and the development of the Property; provided, however, by entering into this Agreement, the Parties are not required to enter into a DDA. HACR agrees for the Negotiation Period, and the Extension Period (defined below), not to negotiate with any other person or entity to enter into any agreement regarding the acquisition, lease, 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 its obligations under this Agreement ("Direct Costs").

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

B. Period of Negotiations

The negotiating period shall commence on the Effective Date (defined below) and end January 31, 2020 ("Negotiating Period"), subject to extension. The Negotiating Period may be extended for an additional one-year period ("Extension Period") by the written mutual agreement

of the Parties. The Executive Director of the HACR, or designee, has the authority, in his discretion, to consent to an extension of the Negotiation Period on behalf of the HACR. 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 C and incorporated herein by this reference, has occurred, and (ii) whether the Parties are continuing to work toward a mutually acceptable DDA. Each Party agrees to endeavor in good faith to expeditiously complete the tasks set forth in the Schedule of Performance which are in such Party's reasonable control.

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 upon such termination, neither Party shall have any further rights or obligations under this Agreement except as set forth in Section IX of this Agreement, and the HACR shall be free to negotiate with any other persons or entities with regard to the Property after such termination. 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.

The term "Effective Date" used herein shall mean that certain date this Agreement is executed by the Chairman of HACR's Board of Commissioners.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement. While it is understood that all Parties will work in good faith, care will also be taken to ensure consistent and regular progress toward timely completion of the obligations set forth herein.

C. Northtown's Obligations During the Negotiation Period

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

1. Investigate the projected costs of developing the Project, including the construction of all related on-site and off-site improvements for the Project;
2. Identify and develop a plan to obtain the necessary land use entitlements required for the Project and secure those land use entitlements required herein no later than the dates set forth in the Schedule of Performance attached hereto as Exhibit "C";
3. Agree to participate and/or conduct community meetings as requested by the HACR in relation to the Project;
4. Identify sources of funding and submit funding applications after consultation with HACR staff within the time frames set forth in the attached Schedule of Performance (Exhibit "C"). Evaluate and provide a comprehensive written description of the estimated competitive score and feasibility of all funding applications to be submitted in connection with financing the Project within three (3) months after the Effective Date and every three (3) months thereafter during the term of this Agreement;

5. Conduct necessary geotechnical, cultural, traffic and environmental studies and investigations for the development of the residential, service facility and/or commercial uses at the Property;
6. Determine and process any California Environmental Quality Act ("CEQA") documentation, at Northtown's expense, including the fees and expenses of any Northtown hired consultants in connection with the preparation of said CEQA documentation required in connection with the proposed sale of the Property to Northtown and HACR's approval of a DDA;
7. Contract and pay for the HACR consultant services relating to the 33433 Report set forth in Sections II. D. 4 below; provided, however, no such consultant services shall be engaged without Northtown's prior written approval, including without limitation a written fee agreement approved and signed by Northtown, which shall not be unreasonably withheld, conditioned or delayed;
8. During the Negotiation Period, initiate and submit to the appropriate Governmental Authorities (as defined in Section III. A. 4.) all applications for necessary entitlements (e.g., General Plan amendments, zone changes, parcel maps etc.) required for the development and construction of the Project as contemplated herein. The requirements set forth in this Section II. C. 8. include performing any necessary studies and or plans required for the entitlement process; and
9. Prepare and submit to HACR for its review the following pursuant to the Schedule of Performance attached hereto as Exhibit "C":
 - a. A preliminary and final site plan and architectural/design concept for the proposed development of the Project, showing building layout and dimensions, parking, amenities, 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 aforementioned estimates and project date shall be in sufficient detail to permit adequate financial analysis by the HACR.
 - d. Copies of all completed reports, studies, analyses, and similar documents prepared or commissioned by Northtown with respect to this Agreement and the Project, promptly upon their completion.

D. HACR's Obligations

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

1. Negotiate exclusively through its staff with Northtown for the preparation of the DDA for the Property and Project;
2. Review site plans and, without cost to HACR, use best efforts to assist Northtown with securing Project Entitlements (as defined Section III. A. 4.), which may be required by the County of Riverside or any other Governmental Authorities (as defined in Section III.A. 4. below);
3. Review Northtown's proposal;
4. Prepare a summary report, at Northtown's expense, in accordance with Section 33433 of the Health and Safety Code ("33433 Report"). All fees and expenses of any consultants hired by HACR in connection with the preparation of said summary report shall be paid by Northtown as set forth in Section II. C. 7.; and
5. Arrange for and obtain, at HACR's expense, publication of notices of the public hearing for the 33433 Report pursuant to Health and Safety Code Section 33433.

III. Proposed Development

A. Development Concept and Essential Terms and Conditions

The proposed development to be negotiated hereunder shall include the development and construction of the Project on the Property of an approximate sixty-eight (68) unit affordable housing development.

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

1. Northtown or the Partnership shall collectively enter into a DDA with HACR in accordance with the Schedule of Performance;
2. Northtown shall design and construct the Project 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 of development and plans and specifications prepared by Northtown and approved in writing by HACR, and any CEQA and/or National Environmental Policy Act ("NEPA") requirements;
3. Northtown shall design and construct, if applicable, all on-site infrastructure improvements in connection with the Project on the Property and develop a plan for financing the cost of infrastructure improvements;
4. Northtown 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”), as the case may be, a change of zone for the Property, the request of a density bonus and any and all entitlements (other than grading or building permits or approvals which are simply ministerial and nondiscretionary in nature) (“Entitlements”), which may be required by the City, County or any other governmental agency with jurisdiction over the construction and development of the Project (the “Governmental Authorities”) to allow development of the Project;

5. Northtown shall be responsible for marketing the Project;
6. Other terms and conditions applicable to the DDA are as follows:
 - a. It is understood by Northtown that design and architectural approval by HACR will be required for the Project 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, Northtown will coordinate with the HACR in ensuring the design and architectural theme of the Project to be compatible with other developments in the area.
7. Forty-nine percent (49%) of the housing units developed and operated as part of the Project shall be rented to and occupied by low income households earning 80 percent or less of the area median income for the County of Riverside, as determined by the California Department of Housing and Community Development, adjusted for household size appropriate for the unit. The final affordability, maximum income and lease rate requirements will be established in the DDA and shall conform to Housing Authorities Law and the CRL.

B. Northtown’s Findings, Determinations, Studies, and Reports

From time-to-time, as reasonably requested by HACR, Northtown shall provide oral Project status and bi-monthly written progress reports, unless otherwise requested by HACR, advising HACR on all matters related to the Project development, including, but not limited to, financial feasibility analyses, construction cost estimates, marketing studies, and similar due diligence matters. Should negotiations not result in a DDA between HACR, Northtown or the Partnership, HACR may use the information provided by Northtown (excluding any confidential or proprietary information prepared or commissioned by Northtown, or keep subject to the proprietary rights of the authors or preparers, any confidentiality agreements and any privileges recognized by applicable law, subject to the requirements set forth in the California Public Records Act) in any way deemed by HACR to be of benefit to HACR. All costs incurred by Northtown in the preparation and presentation of such findings, determinations, studies, reports or other requests by the HACR under this Agreement shall be at the sole expense of Northtown.

IV. Purchase Price and/or Other Consideration

The purchase price for the Property to be paid to the HACR by Northtown or the Partnership will be established in the DDA

V. Environmental Requirements

Certain State and local environmental requirements under CEQA may be applicable to the proposed Project. HACR's Board of Commissioners will consider the DDA upon submission of HACR's successful negotiations with Northtown on the terms and conditions agreed to by Northtown. Prior to the disposition of the Property, Northtown agrees to determine and process any CEQA documentation, at Northtown's sole expense.

Northtown shall indemnify and hold harmless the HACR and the County of Riverside, their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, 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 CEQA challenge related to the Project, except to the extent such liability is caused by the gross negligence or willful misconduct of any Indemnitees. Northtown shall pay, at its sole expense, all costs and fees including, but not limited, to attorneys' fees, cost of investigation, defense and settlements or awards, of the Indemnitees in any claim or action based upon such alleged acts or omissions.

VI. Assignment

Northtown shall not assign all or any part of this Agreement without the prior written approval of HACR, except to a limited partnership, limited liability company or other entity formed for financing the Project, in which Northtown is a co-general partner (if a limited partnership) or a managing member (if a limited liability company); provided, however, any of the aforementioned transfers shall be subject to the approval of documentation by the HACR Executive Director or designee, which approval shall not be unreasonably withheld or delayed. HACR, in its reasonable discretion, may approve an assignment to any other entity if, in the reasonable determination of HACR, the proposed assignee is comparable in all material respects (including experience, character and financial capability) to Northtown. 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 HACR's Executive Director, or designee, and County Counsel, and if HACR approval is required pursuant to this Section VI, subject to the approval by HACR's Board of Commissioners. Northtown shall promptly notify HACR in writing of any and all changes whatsoever in the identity of the Parties in control of Northtown 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

Northtown 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 HACR nor the County shall make any representations or warranties concerning the Property, its suitability for the use intended by Northtown, or the surface or subsurface conditions of the Property.

Upon successful negotiation and approval of the DDA, the Property shall be conveyed to the Partnership "AS IS", meaning that the Partnership will own 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 use, subdivision, improvement or other aspects of the Property. If a DDA is executed and approved by HACR, Northtown or the Partnership shall be responsible, at their 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 thereon.

VIII. Right of Entry

HACR hereby grants to Northtown their respective Board of Directors, employees, agents and contractors (herein referred to collectively as "Northtown 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 HACR's Executive Director, or designee.

Prior to each entry onto the Property, Northtown shall provide twenty four (24) hours advance written notice to HACR to conduct any work. Email communications shall constitute valid written notice provided such notice is (i) submitted twenty four (24) hours in advance, (ii) sent to Mervyn Manalo at mmanalo@rivco.org, and (iii) delivery of such email notice is confirmed with a documented reply and confirmation from Mervyn Manalo at mmanalo@rivco.org.

Prior to any entry onto the Property for the taking of environmental samples or testing, Northtown shall provide HACR 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 environmental testing or sampling activity contemplated under this Agreement.

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

- A. Northtown will not permit any dangerous condition to be created on the Property as a result of the activities of Northtown or Northtown Designees;
- B. That all acts and things done by Northtown on the Property will be done in a careful and reasonable manner, in accordance with all federal, state and local laws;
- C. Northtown will enter the Property entirely at its own cost, risk and expense;

- D. During the term of this Agreement, Northtown shall require each and all of Northtown's contractors/consultants responsible for the Work under this Agreement with whom Northtown 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, Northtown shall cause Northtown's contractors/consultants with whom Northtown enters into a written contract for such Work to provide certificates evidencing such coverage and naming Northtown as additionally insured, as their interests may appear;
- E. Northtown shall not suffer or permit to be enforced against the Property, or any part thereof, any mechanics', material men's, contractors' or subcontractors' liens or any claim for damage arising from any Work performed by Northtown or Northtown's designee's use of and activities upon the Property pursuant to this Agreement. Northtown 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. Northtown 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. Northtown 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, Northtown shall be solely responsible for removing such imported hazardous materials in conformance with all governmental requirements. Northtown shall report to HACR, as soon as possible after each incident, any incidents with respect to the environmental condition of the Property; and
- H. Northtown 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.

IX. Indemnity

Northtown shall indemnify and hold harmless the HACR and the County of Riverside, their respective Agencies, Districts, Special Districts and Departments, their respective directors, officer's, Board of Supervisors, Board of Commissioners, 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 Northtown, its officers, employees, subcontractors, consultants, 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 Northtown, its officers, agents, employees, subcontractors, agents or representatives under this

Agreement, except to the extent such liability is caused by the gross negligence or willful misconduct of any Indemnitees, except in the event of the gross negligence or willful misconduct of the Indemnified parties; provided however, any gross negligence or willful misconduct of Indemnitees will only affect the duty to indemnify for the specific act found to be gross negligence or willful misconduct, and will not preclude a duty to indemnify for any act or omission of Northtown. Northtown shall pay, at its sole expense, all costs and fees including, but not limited, to attorneys' fees, cost of investigation, defense and settlements or awards, of 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 Northtown, Northtown 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 the Indemnitees; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Northtown's indemnification to the Indemnitees as set forth herein.

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

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Northtown'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 Northtown from indemnifying the Indemnitees to the fullest extent allowed by law. Northtown's indemnity obligations contained in this Section IX shall survive the expiration and 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 forty five (45) 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) HACR Default. In the event of an uncured default by HACR under this Agreement, Northtown shall be entitled to terminate this Agreement upon written notice of termination delivered to the other Parties. Following such termination, no Party shall have any further right, remedy or obligation under this Agreement, except as to those provisions which by their terms expressly survive. The Parties hereby waive the right to specific performance as a remedy under this Agreement.

(2) Northtown Default. In the event of an uncured default by Northtown under this Agreement, HACR shall be entitled to terminate this Agreement upon written notice of termination delivered to the other Parties. Following such termination, no 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 Parties 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 a Party 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. Northtown Employees and Liabilities

It is understood that persons engaged or employed by Northtown as employees, agents, or independent contractors shall be engaged or employed by Northtown and not by HACR. Northtown 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 HACR to persons, firms, or corporations employed or engaged by Northtown in any capacity whatsoever, or make HACR liable to any such persons, firms, or corporations, or to any government, for the acts, omissions, liabilities, obligations, and taxes, of whatsoever nature, of Northtown or of its employees, agents, or independent contractors.

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

Northtown 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, gender identity, age, disability, medical condition, or marital status, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Northtown 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.

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

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

No member, official, officer, or employee of the HACR or the County shall be personally liable to Northtown, or any successor in interest, in the event of any default or breach by the HACR

or for any amount which may become due to Northtown or to any 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 HACR and Northtown.

XV. Actions By HACR

The Executive Director of HACR 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 HACR.

XVI. Real Estate Commissions

HACR shall not be liable for any real estate commissions or brokerage fees which may arise herefrom. HACR and Northtown each represents that it has engaged no broker, agent or finder in connection with this transaction, and Northtown agrees to hold the HACR 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 HACR'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 the 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 all Parties.

The HACR'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 HACR'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 HACR and Northtown agree that neither the HACR nor Northtown shall be under any further obligation to each other regarding 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 the HACR and Northtown or the Partnership.

c. No Agreement

Northtown acknowledges and agrees that no provision of this Agreement shall be deemed to be an offer by the HACR, nor an acceptance by the HACR of any offer or proposal from Parties, for the

HACR to convey to Northtown or the Partnership any interest in all or a portion of the Property or in or to the Property, or for the HACR to provide any financial or other assistance to Northtown or the Partnership for development of the Property.

d. No Acquisition

Parties 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 HACR.

e. Limitations of this Agreement

Nothing contained in this Agreement shall constitute a waiver, amendment, promise or agreement by the HACR 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 HACR 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

Without limiting or diminishing the Northtown's obligation to indemnify or hold the Indemnitees (as defined in Section IX.) harmless, Northtown shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages during the term of this Agreement. As respects to the insurance section only, the HACR herein refers to the Housing Authority of the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, employees, elected or appointed officials, agents or representatives. HACR shall be named as Additional Insureds.

A. Workers' Compensation:

If Northtown has employees as defined by the State of California, Northtown 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 HACR.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Parties' performance of its obligations hereunder. Policy shall name the HACR 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:

If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then Northtown 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 HACR as Additional Insureds.

If Northtown maintains broader coverage and/or higher limits than the minimums shown above, HACR requires and shall be entitled to the broader coverage and/or higher limits maintained by Northtown. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to HACR.

F. 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 HACR's Risk Manager. If the HACR'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) Northtown must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of the HACR Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the HACR, and at the election of the HACR's Risk Manager, Northtown's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the HACR, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) Northtown shall cause Northtown's insurance carrier(s) to furnish the HACR with either 1) a properly executed original Certificate(s) of Insurance and certified copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the HACR's Risk Manager, provide Certified 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 a minimum of thirty (30) days written notice shall be given to the Northtown prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. If Northtown insurance carrier(s) policies does not meet the minimum notice requirement found herein, Northtown shall cause Northtown's insurance carrier(s) to furnish a 30 day Notice of Cancellation Endorsement.*

4) In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the HACR receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Northtown shall not commence operations until the HACR has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original 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.

5) It is understood and agreed to by the Parties hereto that Northtown's insurance shall be construed as primary insurance, and the HACR's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

6) 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; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the HACR reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the HACR's Risk Management's reasonable judgment, the amount or type of insurance carried by Northtown has become inadequate.

7) Northtown shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

8) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the HACR.

9) Northtown agrees to notify HACR in writing 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:

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

Northtown:
Northtown Housing Development Corporation
Attention: President
10071 Feron Boulevard
Rancho Cucamonga, CA 91730

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 HACR 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 HACR and Northtown, 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, in the City of Riverside, 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.

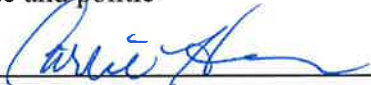
[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

HACR:

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public entity,
corporate and politic

By: 
Carrie Harmon,
Deputy Executive Director

Date: 2/4/19

NORTHTOWN:

Northtown Housing Development Corporation,
a California nonprofit public benefit corporation

By: _____
Carol Norris,
President

Date: _____

APPROVED AS TO FORM:

GREGORY PRIAMOS
COUNTY COUNSEL

By: 
Amrit Dhillon,
Deputy County Counsel

ATTEST:

KECIA R. HARPER
Clerk of the Board

By: _____
Deputy

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

HACR:

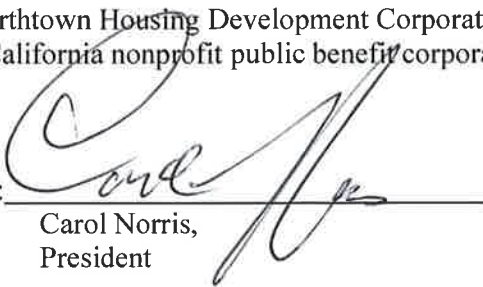
HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public entity,
corporate and politic

By: _____
Carrie Harmon,
Deputy Executive Director

Date: _____

NORTHTOWN:

Northtown Housing Development Corporation,
a California nonprofit public benefit corporation

By:  _____
Carol Norris,
President

Date: Jan 16, 2019

APPROVED AS TO FORM:

GREGORY PRIAMOS
COUNTY COUNSEL

By: _____
Amrit Dhillon,
Deputy County Counsel

ATTEST:

KECIA R. HARPER
Clerk of the Board

By: _____
Deputy

Exhibit A

Legal Description

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

APN: 179-330-002-7

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A PORTION OF LOT 2 OF THE AMENDED MAP OF THE INDIAN HILL TRACT, IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 3 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF LOT 2 AT THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF MISSION BOULEVARD WITH THE EASTERLY LINE OF CRESTMORE ROAD, SAID MISSION BOULEVARD BEING THE ROAD SHOWN ON SAID MAP BORDERING UPON AND ADJACENT TO THE SOUTHERLY LINE OF SAID MAP LYING BETWEEN LOT 3 OF SAID TRACT AND A PORTION OF SAID LOT 2:

THENCE ALONG SAID EASTERLY LINE OF CRESTMORE ROAD NORTH 37 DEGREES 42' EAST 604.00 FEET TO THE POINT OF BEGINNING TO THE PROPERTY HEREIN DESCRIBED;

THENCE CONTINUING ALONG SAID EASTERLY LINE OF CRESTMORE ROAD, NORTH 37 DEGREES 42' EAST 75.68 FEET:

THENCE SOUTH 59 DEGREES 46' EAST 745.71 FEET;

THENCE SOUTH 3 DEGREES 24" 00" WEST 101.80 THENCE NORTH 58 DEGREES 33' WEST 799.37 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION TAKEN BY FINAL ORDER OF CONDEMNATION BY THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 28, 1958 IN BOOK 2245 PAGE 243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

APN: 179-330-003-8

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF LOT 2 OF AMENDED MAP OF INDIAN HILL TRACT, AS SHOWN ON MAP RECORDED IN BOOK 10, PAGE 3 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF MISSION BOULEVARD WITH THE SOUTHEASTERLY LINE OF CRESTMORE ROAD; THENCE NORTH 37 DEGREES 42' EAST,

ALONG SAID SOUTHEASTERLY LINE OF CRESTMORE ROAD, A DISTANCE OF 300 FEET TO THE POINT OF BEGINNING OF THE PROPERTY HEREIN DESCRIBED;

THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF CRESTMORE ROAD, NORTH 37 DEGREES 42' EAST, A DISTANCE OF 304 FEET; THENCE SOUTH 58 DEGREES 33' EAST, A DISTANCE OF 265 FEET; THENCE SOUTH 37 DEGREES 42' WEST, A DISTANCE OF 304 FEET; THENCE NORTH 58 DEGREES 33' WEST, A DISTANCE OF 265 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE NORTHEASTERLY 100 FEET THEREOF, SAID NORTHERLY 100 FEET BEING MEASURED AT RIGHT ANGLES TO THE NORTHERLY LINE OF THE ABOVE DESCRIBED LAND.

PARCEL 2:

THE NORTHEASTERLY 100 FEET OF THAT PORTION OF LOT 2, AS AMENDED MAP OF INDIAN HILL TRACT, AS SHOWN ON MAP RECORDED IN BOOK 10, PAGE 3, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF MISSION BOULEVARD WITH THE SOUTHEASTERLY LINE OF CRESTMORE ROAD; THENCE NORTHEASTERLY ALONG THE SAID SOUTHEASTERLY LINE, 300 FEET FOR THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE, A DISTANCE OF 304 FEET; THENCE SOUTH 58 DEGREES 33" EAST, 325 FEET; THENCE SOUTH 37 DEGREES 42' WEST, 304 FEET; THENCE NORTH 58 DEGREES 33' WEST, 325 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTHEASTERLY RECTANGULAR 60 FEET THEREOF.

APN: 179-330-005-0

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 2, AS SHOWN BY AMENDED MAP OF INDIAN HILL TRACT, AS SHOWN ON MAP RECORDED IN BOOK 10, PAGE 3 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF MISSION BOULEVARD AND THE SOUTHEASTERLY LINE OF CRESTMORE ROAD; THENCE SOUTHEASTERLY, ALONG SAID NORTHEASTERLY LINE OF MISSION BOULEVARD, 325 FEET; THENCE NORTH 37 DEGREES 42' EAST, 300 FEET; THENCE NORTH 58 DEGREES 33' WEST, 325 FEET, MORE OR LESS, TO SAID SOUTHEASTERLY LINE OF CRESTMORE ROAD; THENCE SOUTHWESTERLY ON SAID SOUTHEASTERLY LINE OF CRESTMORE ROAD, 300 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM A RIGHT OF WAY AND INCIDENTS THERETO FOR STATE HIGHWAY, UPON, OVER AND ACROSS THE SOUTHWESTERLY PORTION OF SAID PROPERTY, CONVEYED TO STATE OF CALIFORNIA BY DEED RECORDED OCTOBER 26, 1931 IN BOOK 55, PAGE 74 OF OFFICIAL RECORDS;

ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO STATE OF CALIFORNIA BY DEED RECORDED NOVEMBER 30, 1942 IN BOOK 563, PAGE 83 OF OFFICIAL RECORDS;

ALSO EXCEPT THEREFROM THAT PORTION SET OUT AS PARCEL NO. 73 IN THAT CERTAIN JUDGMENT IN EMINENT DOMAIN ENTERED IN AN ACTION IN THE SUPERIOR COURT OF RIVERSIDE COUNTY, CASE NO. 68711, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY CORNER OF SAID LOT 2; THENCE NORTH 38 DEGREES 24' 10" EAST, ALONG THE NORTHWESTERLY LINE OF SAID LOT 2, A DISTANCE OF 40.06 FEET TO A POINT

THEREON, FOR THE TRUE POINT OF BEGINNING, SAID POINT BEING THE MOST NORTHERLY CORNER OF THE CERTAIN PARCEL OF LAND CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED IN BOOK 563, PAGE 83 OF OFFICIAL RECORDS;

THENCE SOUTH 57 DEGREES 36' 50" EAST, ALONG THE NORTHEASTERLY LINE OF THE PARCEL SO CONVEYED TO THE STATE, A DISTANCE OF 324.86 FEET TO THE MOST EASTERLY CORNER THEREOF, SAID POINT BEING IN THE SOUTHEASTERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO DAVID J. DENIERS, ET AL, BY DEED RECORDED IN BOOK 1972, PAGE 324 OF OFFICIAL RECORDS OF SAID RIVERSIDE COUNTY;

THENCE NORTH 38 DEGREES 24' 10" EAST, ALONG SAID SOUTHEASTERLY LINE, A DISTANCE OF 60.35 FEET TO THE POINT THEREON, SAID POINT BEING ON A CURVE CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 1460.00 FEET, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 25 DEGREES 59' 42" EAST; THENCE NORTHWESTERLY, ALONG SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03 DEGREES 22' 58", AN ARC DISTANCE OF 86.20 FEET TO THE END THEREOF, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 29 DEGREES 22' 40" EAST; THENCE NORTH 60 DEGREES 37' 20" WEST, A DISTANCE OF 181.38 FEET; THENCE NORTH 17 DEGREES 31' WEST, A DISTANCE OF 71.54 FEET TO AN INTERSECTION WITH SAID NORTHWESTERLY LINE OF SAID LOT 2, A DISTANT THEREON NORTH 38 DEGREES 24' 10" EAST, A DISTANCE OF 90.00 FEET FROM THE MOST NORTHERLY CORNER OF THE PARCEL CONVEYED TO THE STATE AS AFORESAID; THENCE SOUTH 38 DEGREES 24' 10" WEST, ALONG SAID NORTHWESTERLY LINE, A DISTANCE OF 90.00 FEET TO THE TRUE POINT OF BEGINNING.

[END OF LEGAL DESCRIPTION]

Exhibit B

Site Map

Assessor Parcel Numbers
179-330-002, 179-330-003 and 179-330-005



Exhibit C

SCHEDULE OF PERFORMANCE

1. Investigate the projected costs of developing the Project, including the construction of all related on-site and off-site improvements for the Project. Upon approval of ENA and prior to completion of a DDA
2. Identify and develop a plan to obtain the necessary land use entitlements required for the Project. Within six (6) months of ENA approval
3. Agree to participate and/or conduct community meetings as requested by the HACR in relation to the Project. Ongoing, as needed
4. Identify sources of funding for Project and commence financing process for Phase I after consultation with HACR staff. Evaluate and provide a comprehensive written description of the estimated competitive score and feasibility of all funding applications to be submitted in connection with financing the Project on a quarterly basis commencing upon the effective date. Quarterly report commencing upon ENA approval
5. Conduct necessary studies and investigations for the development of the residential, service facility and/or commercial uses at the Property such as geotechnical, cultural, traffic, and environmental. Concurrently with Item 6 below
6. Parties shall initiate and submit application for the necessary entitlements (e.g., General Plan Amendment / Change of Zone / Parcel Map) required for the Project within the negotiation period. The requirements set forth in Section II, subsection C.8. include performing any necessary studies and or plans required for the entitlement process. Within eighteen (18) months of ENA approval.
7. 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. Preliminary site plan within twelve (12) months of ENA approval; Final site plan within 18 months of ENA approval
8. Prepare and submit to HACR for its review 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. Within six (6) months of ENA approval
9. Prepare and submit to HACR for its review 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 HACR. Within nine (9) months of ENA approval
10. Prepare and submit to HACR for its review copies of all completed reports, studies, analyses, and similar documents, but excluding confidential or proprietary information, prepared or commissioned by Parties with respect to this Agreement and the Project, promptly upon their completion. Ongoing, as completed



City of Desert Hot Springs

65-950 Pierson Blvd. • Desert Hot Springs • CA • 92240

(760) 329-6481 PM 2:37

www.cityofdhs.org

January 24, 2019

RE: State Recycling & Composting Requirements for Business & Multifamily Dwellings, Including Government Offices & Schools

Dear Business Owner:

Our records indicate that State legislative action affected your waste service to date and there has been no action taken to comply on one or both of the following items:

- Assembly Bill 341 set forth requirements for a statewide mandatory commercial recycling program. A business (including public entities) that generates four (4) cubic yards or more of commercial solid waste per week must have a recycling program.** This also includes **Multi-residential housing complexes with 5 or more units.** CalRecycle, the State agency that monitors compliance, advises businesses to contact their local recycling coordinator to find out how to recycle in their communities.
- Assembly Bill 1826 (Mandatory Commercial Organics Recycling) requires businesses that generate organic waste materials, which include food waste, green waste, landscape and pruning waste, clean wood waste and food-soiled paper, to separate the material for composting.** The requirements phase in depending on the volume of organic waste generated each week. Please note that we urge all customers to participate in our composting program, not just the required large generators.

Business Deadlines	Volume Requirements for Participation
April 1, 2016	8 yds. or more of organic waste/wk.
January 1, 2017	4 yds. or more of organic waste/wk.
January 1, 2019	4 yds. or more of solid waste/wk.
January 1, 2020	2 yds. or more of solid waste/wk.

This is the next important step toward achieving California's aggressive recycling and greenhouse gas (GHG) emission goals. California disposes approximately 30 million tons of waste in landfills each year, of which more than 30 percent could be used for compost or mulch. GHG emissions resulting from the decomposition of organic wastes in landfills have been identified as a significant source of emissions contributing to global climate change. Reducing the amount of organic materials sent to landfills and increasing the production of compost and mulch are part of the AB 32 (California Global Warming Solutions Act of 2006) Scoping Plan. In addition, this program is necessary to reach California's goal of at least a 75% recycling rate

January 24, 2019
Page Two

by 2020. Please contact your Desert Valley Disposal representative for further information.

Thank you,

Daniel Porras
Public Works Director
Public Works
City of Desert Hot Springs
dporras@cityofdhs.org
760-329-6411 x216

Mayra Gonzales
Commercial Department
Desert Valley Disposal
mayra@desertvalleydisposal.com
760-329-5030 x322