



**SPECIAL JOINT CITY COUNCIL/SUCCESSOR AGENCY
SPECIAL JOINT MEETING AGENDA**

Tuesday, February 28, 2023 at 5:00 p.m.

AMENDED

**SOUTH GATE COUNCIL CHAMBERS
8650 CALIFORNIA AVENUE
SOUTH GATE, CA 90280**

**DIAL-IN-NUMBER: 1 (669) 900-6833
MEETING ID: 850 2128 4132
[HTTPS://US02WEB.ZOOM.US/J/85021284132](https://us02web.zoom.us/j/85021284132)**

Call to Order/Roll Call

CALL TO ORDER: Maria del Pilar Avalos, Mayor/Chairperson (Participating via
teleconference)

ROLL CALL: Yodit Glaze, City Clerk/Recording Secretary

Council Members/Agency Members

MAYOR/CHAIRPERSON

Maria del Pilar Avalos

CITY CLERK/RECORDING SECRETARY

Yodit Glaze

VICE MAYOR/VICE CHAIRPERSON

Gil Hurtado

CITY ATTORNEY/AUTHORITY COUNSEL

Raul F. Salinas

COUNCIL MEMBERS/AGENCY MEMBERS

Joshua Barron

Maria Davila

Al Rios

CITY/MANAGER/EXECUTIVE DIRECTOR

Chris Jeffers

**DIRECTOR OF COMMUNITY DEVELOPMENT/
SECRETARY**

Meredith Elguira

Meeting Schedule

The regular meetings of the Authority Members are held on the second and fourth Tuesday of each month, closed session business will usually commence at 5:30 p.m., when scheduled, and general business session will commence at 6:30 p.m.

Brown Act

Agendas are drafted to accurately state what the legislative body is being asked to consider. The legislative body can take action on "all items" listed on the agenda and be in compliance with the open meeting laws. Under the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The governing body may direct staff to investigate and/or schedule certain matters for consideration at a future meeting.

City's Vision Statement

We envision a thriving, safe and inclusive community where everyone has the opportunity to access exceptional services, education and support to be resilient and live full, vibrant lives.

Public Communications

Public Comments on agenda items are limited to three (3) minutes. All comments are to be addressed directly to the Authority Members not to the members of the public.

Meeting Compensation Disclosure

Pursuant to Government Code Section 54952.3: Disclosure of compensation for meeting attendance by City Council is \$790 monthly and the Agency Members is \$0 per meeting regardless of the amount of meetings.

Open Session Agenda

1. Resolution approving the Letter Amendment to the Purchase and Sale Agreement for 7916 Long Beach Boulevard between the Successor Agency and Azure Community Development, Corporation

The Successor Agency to the Community Development will consider adopting a **Resolution** approving the **First Amendment to the Purchase and Sale Agreement** between the Successor Agency and Purchaser for disposition of 7916 Long Beach Boulevard (APNs 6202-010-900 and 6202-010-901) and authorizing the transmittal of the First Amendment to the Oversight Board. (CD)

Documents:

[Item 1 Report 02282023 Joint.pdf](#)

2. Resolution approving the Home Program Predevelopment Loan Agreement between City of South Gate and South Gate Townhomes, LLC

The City Council will consider: (CD)

- a. Adopting a **Resolution** approving the **HOME Program Predevelopment Loan**

Agreement between the City of South Gate and South Gate Townhomes, LLC, acting by and through its sole member, Azure Community Development, a California nonprofit public benefit corporation and an IRC 501(c)(3) tax-exempt public charity; and

b. Authorizing the Mayor to sign the Agreement in form acceptable to the City Attorney.

Documents:

[Item 2 Report 02282023 Joint.pdf](#)

3. Minutes

The Successor Agency to the Community Development Commission of the City of South Gate will consider approving the Regular Meeting Minutes of December 13, 2022.
(CLERK)

Documents:

[Item 3 Report 02282023 Joint.pdf](#)

Closed Session

1. CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY NEGOTIATIONS

Pursuant to Government Code Section 54956.8

Property APN: 6202-010-900

Property Address: 7916 Long Beach Boulevard, South Gate, CA 90280

City Negotiator: Chris Jeffers, Executive Director

Negotiating with: Azure Community Development and Azure Development Inc.

Under Negotiation: City of South Gate and Azure Community Development and Azure Development Inc.

Documents:

[Memorandum Closed Session SA 02282023.pdf](#)

Adjournment

I, Yodit Glaze, City Clerk, certify that a true and correct copy of the foregoing Meeting Agenda was posted on February 23, 2023, at 3:30 p.m., as required by law.

Yodit Glaze

City Clerk

GENERAL NOTICE TO THE PUBLIC

The City Council adopted new rules relating to the conduct of the public meetings, proceedings, and business in the City of South Gate on July 12, 2022, (Resolution 2022-38-CC) and go into effect on August 1, 2022. Resolution #2022-38-CC is available at the City Clerk's Office.

MEETING SCHEDULE

Regular meetings of the Housing Authority are held on the second and fourth Tuesday of each month, closed session meetings will commence at 5:30 p.m. unless posted otherwise on its agenda. The regular City Council meetings will commence at 6:30 p.m. Agendas are available at the following locations: City Clerk's Office, Public Notice Boards at City Hall, and on the City's web page at <https://www.cityofsouthgate.org>

The Public can sign up to receive automatic notices of postings of agendas for the City Council or any other Commission or Board of the City of South Gate. Visit the City webpage and click on the Agenda & Minutes icon. That will take you the page where an individual can enter their email in the "Email Updates" box to register.

PUBLIC COMMENT/PARTICIPATION

Any person may request to address a legislative body during a public meeting. The Presiding Officer will call upon those present in the Council Chambers first. After all speakers in the Chambers have spoken, the Presiding Officer will call upon those participating via zoom or teleconference.

Speakers are limited to three (3) minutes on any item listed on the agenda, including public hearings. Under Comments from the Audience portion, speakers are also limited to a single three (3) minutes time limit. Comments from the Audience is initially limited to 45 minutes at each meeting. Any speaker still wishing to speak, that did not speak, will have an addition Comments from the Audience opportunity after the last business item is finished. The Presiding Officer may extend the time limit as long as there is no objection from the Housing Authority as a body.

To ensure that the public is able to participate, the City provides the opportunity to submit their comments in person, virtually, email, phone call, mail and any other method which may become available. Methods of participation may be subject to change during other such times when a State of Emergency, Health Order or State Executive Order limits in-person participation.

CURFEW

In absence of a motion duly adopted by majority vote of the Housing Authority, the Presiding Officer may adjourn the Housing Authority meetings at 10:30 p.m. The Presiding Officer may ask the Housing Authority if any agenda items listed should be continued or dealt with during the meeting. For those items to be continued, the Housing Authority can direct the item be placed on the next Housing Authority agenda or the current meeting may be adjourned to a time certain at which time the meeting shall be reconvened as an Adjourned Regular Meeting of the Housing Authority and action upon the published agenda continued.

STAFF REPORTS

As a general rule, staff reports. or other written documentation are prepared/organized with respect to each item of business listed on the agenda. Meeting agendas and staff reports are available at least 72-hours prior to the scheduled regular Housing Authority meeting and a minimum of 24-hours prior to a Housing Authority meeting. There are times when the housing Authority receives written material, revised material after the posting of agendas, these materials are become a public record and will be available for public view within 72-hours after the meeting in which they were received. Those materials and any other public document can be inspected in the City Clerk's Office located at 8650 California Avenue, South Gate.

SERVICES TO FACILITATE ACCESS TO PUBLIC MEETINGS

In compliance with the American with Disabilities Act, if you need special assistance to participate in the Housing Authority Meetings, please contact the Office of the City Clerk. Notification 48 hours prior to the Housing Authority Meeting will enable the City to make reasonable arrangements to assure accessibility. For further information, please contact the Office of the City Clerk at (323) 563-9510 or via email at yglaze@sogate.org.

City of South Gate
SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION

AGENDA BILL

For the Regular Meeting of: **February 28, 2023**

Originating Department: **Community Development**

Department Director: 
Meredith T. Elguira

City Manager: 
Chris Jeffers

SUBJECT: RESOLUTION APPROVING THE FIRST AMENDMENT TO THE PURCHASE AND SALE AGREEMENT FOR 7916 LONG BEACH BOULEVARD BETWEEN THE SUCCESSOR AGENCY AND AZURE COMMUNITY DEVELOPMENT, AN IRC 501(C)(3) TAX EXEMPT NONPROFIT PUBLIC BENEFIT CORPORATION

PURPOSE: To consider the adoption of a Resolution that approves a First Amendment to the Purchase and Sale Agreement ("First Amendment") between the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency"), as seller, and Azure Community Development, an IRC 501(c)(3) tax-exempt nonprofit public benefit corporation ("Purchaser"), as buyer, for disposition of 7916 Long Beach Boulevard ("Property"), Property No. 13 of the Successor Agency's Amended Long Range Property Management Plan ("Amended LRPMP"), and authorizes transmittal of the First Amendment for consideration and approval by the County of Los Angeles, First District Oversight Board ("First District Oversight Board").

RECOMMENDED ACTION: The Successor Agency to the Community Development will consider adopting a Resolution approving the First Amendment to the Purchase and Sale Agreement between the Successor Agency and Purchaser for disposition of 7916 Long Beach Boulevard (APNs 6202-010-900 and 6202-010-901) and authorizing the transmittal of the First Amendment to the Oversight Board.

FISCAL IMPACT: There is no fiscal impact associated with the proposed Resolution.

ANALYSIS: As a result of the dissolution of the Redevelopment Agency, the Successor Agency was created to administer enforceable obligations and wind down the affairs of the former Community Development Commission of the City of South Gate ("Former Agency"). As part of that process, the Successor Agency must dispose of all non-housing properties of the Former Agency in an expeditious manner aimed at maximizing value, all pursuant to the requirements of

the Dissolution Law and, in particular, in compliance with the Amended LRPMP as approved by the State of California, Department of Finance ("DOF") on December 22, 2015.

The Successor Agency is performing its functions under the Dissolution Law to administer the enforceable obligations and otherwise unwind the former Redevelopment Agency's affairs. Under the Dissolution Law, a successor agency's actions are subject to review by a county oversight board. For this Successor Agency, its oversight board is referred to as the First District Oversight Board, consisting of seven members representing various interests in the Los Angeles County First Supervisorial District, which will review and take action on Successor Agency action items under the Dissolution Law, including the approval of this First Amendment.

The Successor Agency and First District Oversight Board approved the original Purchase and Sale Agreement ("PSA") on June 14, 2022 and July 11, 2022, respectively. The Purchaser proposes to construct eleven (11) three-story townhomes, including 10 three-bedroom units and one-four bedroom unit affordable to households earning 80% of the Area Median Income ("AMI") and below.

Pursuant to Section 5.2.3 of the PSA, the City of South Gate ("City") and Purchaser will enter into an Affordable Housing Loan Agreement ("AHA") that restricts the sale of the townhomes to eligible low-income households at an affordable housing cost, among other requirements. However, in order to enter into the AHA, the City must first complete the California Environmental Quality Act ("CEQA") and National Environmental Policy Act ("NEPA") review of the project, which is currently underway by the City's environmental consultant. In order to allow time to complete the CEQA and NEPA review and enter into an AHA, the Purchaser has requested a 180-day extension of the outside closing date of the PSA.

Should the Successor Agency approve the attached Resolution, the accompanying First Amendment would be submitted to the First District Oversight Board for their review and approval. Under the Dissolution Law Section 34191.5(f), actions to implement the disposition of property pursuant to an approved long-range property management plan shall not require review by the DOF, so if the Oversight Board approves the First Amendment, the Successor Agency may proceed with implementation of the sale under the PSA and First Amendment.

BACKGROUND: The Former Agency acquired the 17,896 square foot Property in 1979 from Lindt-Wilson Motors Inc. and held ownership until it was transferred by operation of law to the Successor Agency pursuant to the redevelopment dissolution in 2012. The Amended LRPMP calls for the sale of the subject Property (Property 13).

In April 2021, the Successor Agency declared the property as "surplus" and provided a notice of availability to approximately 336 nonprofit housing providers and other required entities who registered with HCD to receive such notifications. During the ensuing 60-day notice period, the Purchaser was the only party that responded to the notice of availability with a Letter of Interest ("LOI"). Immediately thereafter, the Successor Agency and RSG staff, in consultation with the City Attorney, entered into detailed negotiations regarding the terms of sale of the Property. The Successor Agency and First District Oversight Board approved the original Purchase and Sale Agreement ("PSA") on June 14, 2022 and July 11, 2022, respectively.

ATTACHMENT: Proposed Resolution

SUCCESSOR AGENCY RESOLUTION NO. ____

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF
SOUTH GATE APPROVING THE FIRST AMENDMENT TO THE
PURCHASE AND SALE AGREEMENT FOR 7916 LONG BEACH
BOULEVARD BETWEEN THE SUCCESSOR AGENCY AND AZURE
COMMUNITY DEVELOPMENT, AN IRC 501(C)(3) TAX EXEMPT
NONPROFIT PUBLIC BENEFIT CORPORATION**

WHEREAS, the Community Development Commission of the City of South Gate ("former Agency") was a public body, corporate and politic, formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and specifically formed by the City Council ("City Council") of the City of South Gate ("City"); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (together, as amended, the "Dissolution Law"); and

WHEREAS, as of February 1, 2012, the former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic, the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, Section 34179 provides that the oversight board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

WHEREAS, the applicable oversight board overseeing this Successor Agency is called the Consolidated Oversight Board First District of Los Angeles County ("First District Oversight Board"); and

WHEREAS, all statutory references in this Resolution are to the California Health and Safety Code unless otherwise stated; and

WHEREAS, Section 34191.5(b) requires the Successor Agency to prepare a "long-range property management plan" (also referred to herein as the "LRPMP") addressing the future disposition and use of all real properties of the Former Agency no later than six months following the DOF's issuance to the Successor Agency of a finding of completion under Section 34179.7; and

WHEREAS, the Successor Agency received a Finding of Completion, and thereafter timely prepared its LRPMP, which LRPMP was approved by the local oversight board and then by the DOF in a decision letter issued and dated as of December 22, 2015; and

WHEREAS, the Successor Agency approved a Purchase and Sale Agreement ("Agreement") with Azure Community Development, an IRC 501(c)(3) tax-exempt nonprofit public benefit corporation ("Purchaser") related to the disposition of certain real property with a common address of 7916 Long Beach Boulevard, South Gate, California, and identified as APNs 6202-010-900 and 6202-010-901 as listed on the LRPMP as Property No. 13 ("Property") on June 14, 2022 by Successor Agency Resolution No. 2022-01 SA; and

WHEREAS, the First District Oversight Board approved the Agreement with Purchaser on July 11, 2022 by Resolution No. OB-2022-03; and

WHEREAS, the Purchaser proposes to develop eleven (11) single family townhomes that will be sold to eligible Low-Income households earning no more than 80% of Los Angeles County area median income ("AMI") at an affordable housing cost as defined in Section 50052.5(b)(3) of the California Health and Safety Code ("Project"); and

WHEREAS, consistent with the Agreement, the Purchaser and Successor Agency staff have indicated that an additional 180 days is needed to finalize the environmental review process for the Project and for the City of South Gate and Purchaser to enter into an Affordable Housing Agreement, which is a closing delivery established in Section 5.2.3 of the Agreement; and

WHEREAS, Purchaser has requested a 180-day extension of the outside closing date for the Agreement as set forth in the First Amendment to the Purchase and Sale Agreement ("First Amendment") included as Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Successor Agency hereby approves the First Amendment in substantially the form attached hereto as Exhibit A, which is fully incorporated by this reference. The Successor Agency Executive Director and Secretary (who are also the City Manager and City Clerk, respectively) are authorized to execute and attest the Agreement with such revisions as the Executive Director and Successor Agency legal counsel deem appropriate.

Section 3. The Chair of the Successor Agency shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 4. The Successor Agency Executive Director is hereby directed to transmit this Resolution and the First Amendment to the Oversight Board under the Dissolution Law.

Section 5. The Secretary shall certify to the adoption of this resolution.

APPROVED AND ADOPTED this 28th day of February 2023.

**SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT COMMISSION OF THE CITY
OF SOUTH GATE**

María del Pilar Avalos, Chair

(SEAL)

ATTEST:

Yodit Glaze, Recording Secretary

APPROVED AS TO FORM:

Raul F. Salinas, General Counsel
Successor Agency to the Community Development
Commission of the City of South Gate

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE)

I, _____, Recording Secretary of the Successor Agency to the Community Development Commission of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Successor Agency, at its regular meeting held on the 28th day of February 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Yodit Glaze, Recording Secretary

(SEAL)

EXHIBIT A
FIRST AMENDMENT TO THE PURCHASE AND SALE AGREEMENT



Community Development Department

8650 California Avenue, South Gate, CA 90280-3004

P: (323) 563-9529

www.cityofsouthgate.org

February 28, 2023

Vanessa Delgado, President
AZURE COMMUNITY DEVELOPMENT
6055 E. Washington Boulevard, Suite 495
Commerce, CA 90040

**SUBJECT: 180-Day Extension of the Outside Closing Date
7916 Long Beach Boulevard, South Gate
FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT**

Dear Ms. Delgado,

Based on unforeseen circumstances that have arisen during the work period for the property located at 7916 Long Beach Boulevard, South Gate ("Site"), the Successor Agency to the Community Development Commission of the City of South Gate ("Seller") understands that Azure Community Development, a California nonprofit public benefit corporation ("Purchaser") requires a 180-day extension of the outside closing date, subject to the conditions described herein.

The Purchaser requires this extension to allow time to enter into an Affordable Housing Agreement with the City of South Gate as established in Section 5.2.3 of the Purchase and Sale Agreement ("PSA").

Section 9 of the PSA establishes a contingency period of 180 days following the opening of escrow and Section 11.3 establishes an outside closing date of 60 days following the expiration of the contingency period. Escrow opened on August 2, 2022; the outside closing date would be March 30, 2023 ("Outside Closing Date"). The Purchaser is hereby requesting a 180-day extension of the Outside Closing Date to 5:00 p.m. Pacific time on Tuesday, September 26, 2023.

Except as modified and amended by this First Amendment, all other provisions of the PSA shall remain unchanged and in full force and effect.

Please sign below to acknowledge concurrence and acceptance of this First Amendment to the PSA and return the original signed letter to the Seller no later than 5:00 p.m. Pacific time on March 20, 2023 to the attention of our Community Development Director, Meredith Elguira, at the address shown below:

South Gate Successor Agency
8650 California Avenue
South Gate, CA 90280
Attn: Meredith Elguira, Director of Community Development

Sincerely,

Chris Jeffers
City Manager

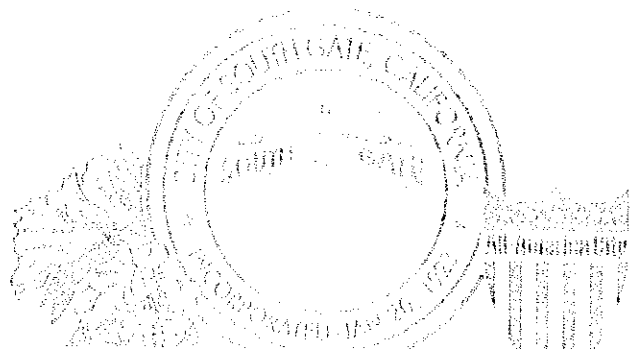
cc: Vanessa Delgado, Azure Community Development
Meredith Elguira, Community Development Director
Raul Salinas, Legal Counsel
Jerry J. Ruiz, Legal Counsel
Jim Simon, RSG, Inc.
Alex Lawrence, RSG, Inc.
First American Title Company (Escrow)

ACKNOWLEDGEMENT AND APPROVAL

By: _____
Name: Vanessa Delgado, President

Date: _____

Vanessa Delgado, President
AZURE COMMUNITY DEVELOPMENT
6055 E. Washington Boulevard, Suite 495
Commerce, CA 90040



City of South Gate
SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION
& CITY COUNCIL

AGENDA BILL

For the Regular Meeting of: February 28, 2023
 Originating Department: Community Development

Department Director: _____


 Meredith Elguira

City Manager: _____


 Chris Jeffers

SUBJECT: RESOLUTION APPROVING THE HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT BETWEEN THE CITY OF SOUTH GATE AND SOUTH GATE TOWNHOMES, LLC

PURPOSE: To consider the adoption of a Resolution that approves the Home Investment Partnership Program ("HOME Program") Predevelopment Loan Agreement ("Agreement") between the City of South Gate and South Gate Townhomes, LLC, acting by and through its sole member, Azure Community Development, a California nonprofit public benefit corporation and an IRC 501(c)(3) tax-exempt public charity ("Developer").

RECOMMENDED ACTION: The City Council will consider:

- a. Adopting a Resolution approving the HOME Program Predevelopment Loan Agreement between the City of South Gate and South Gate Townhomes, LLC, acting by and through its sole member, Azure Community Development, a California nonprofit public benefit corporation and an IRC 501(c)(3) tax-exempt public charity; and
- b. Authorizing the Mayor to sign the Agreement in form acceptable to the City Attorney.

FISCAL IMPACT: The City annually receives funds from the Department of Urban Development ("HUD") pursuant to the HOME Program for the purpose of providing decent, safe, sanitary, and affordable housing for low-and-moderate income persons and families. The proposed \$429,728 Predevelopment Loan is budgeted in the City's FY 22/23 HOME Program allocation. The Predevelopment Loan will have no impact on the General Fund.

ANALYSIS: The proposed Agreement is part of a process to facilitate the redevelopment of the property at 7916 Long Beach Boulevard ("Property") into a 11-unit ownership project affordable to low-income households. As discussed later, the Developer is in escrow to purchase the property from the Successor Agency to the former Community Development Commission of the City of South Gate ("Successor Agency"); the transaction is contingent on the approval of a financing plan and an Affordable Housing Loan Agreement ("AHA"). The first part of the financing plan is a predevelopment loan agreement to fund initial costs for redevelopment, while the Developer and City formulate the details of the AHA and project financing needed.

The Developer proposes to construct 11 three-story townhomes, including 6 three-bedroom units and 5 four-bedroom unit ("Project") at the Property. The 11 townhomes will be sold to eligible households earning no more than 80% of Los Angeles County area median income ("AMI") at an affordable housing cost as defined in Section 50052.5 of the Health and Safety Code, with a covenant requiring their affordability for not less than 55 years.

The proceeds of the Predevelopment Loan shall be applied towards payment and/or reimbursement of the Project's eligible predevelopment expenses as set forth in the Predevelopment Budget included as Exhibit A to the Agreement, which the Successor Agency approved on June 14, 2022. These expenses include architectural, mechanical, electrical, and plumbing work, landscaping and streetscaping, civil engineering, permits, utility connection fees, and marketing, among other expenses. City staff is authorized to approve or deny a request by Developer to amend the Predevelopment Budget, including the reallocation of Predevelopment Loan proceeds between eligible predevelopment expenses.

Staff and consultants are working on finalizing the entire project financing and the AHA, but the predevelopment loan is necessary to advance the project forward while that occurs. The Project is undergoing environmental review which may be completed in March 2023, after which time the City Council may consider the Project and the AHA that is expected to require additional HOME funds from the City. In the meantime, to maintain the project schedule, the Developer is requesting the Predevelopment Loan, which would be fully recovered by the City if the project does not receive approvals or proceeds.

Specifically, the Agreement provides that the City will waive repayment of the Predevelopment Loan if the Developer provides evidence that the Project is infeasible due to impediments that are beyond the control of the Developer. City staff would expect to waive repayment of the Predevelopment Loan due to the rising cost of construction and financing costs, restricted affordable sales prices required by law, and limited subsidies available for affordable ownership projects.

However, the Predevelopment Loan shall become immediately due and payable in the event that the Developer commits a material default of the Agreement and fails to cure the default within the time period(s) provided in the Agreement. Additionally, the Predevelopment Loan shall be immediately due and payable in the event that the City and Developer fail to enter into an Affordable Housing Loan Agreement ("AHA") for the Project within six (6) months after expiration of the Agreement term or Developer otherwise fails to perform under the Agreement.

BACKGROUND: The Successor Agency and Developer entered into a Purchase and Sale Agreement ("PSA") dated June 14, 2022, in which the Successor Agency would sell, and Developer would buy, the Property at its fair market value of \$1 in an AS-IS condition, with consideration for the existing physical and environmental conditions and future use restricted as development for affordable housing.

The PSA stipulates that the Developer will receive financial assistance from the City of not less than \$696,091 to develop the Project at the Property. The Predevelopment Loan will be incorporated into any additional City funding or assistance necessary to develop the Property and complete the Project as set forth in the AHA, which will be brought back to City Council for approval in early 2023.

ATTACHMENT:

1. HOME Predevelopment Loan Agreement by and between the City of South Gate and South Gate Townhomes, LLC (Azure Community Development).

**HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT
BY AND BETWEEN
THE CITY OF SOUTH GATE
AND
SOUTH GATE TOWNHOMES, LLC (AZURE COMMUNITY DEVELOPMENT)**

(This Agreement) is THIS HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT (the "**Agreement**") is made and entered as of _____, 2023 by and between THE CITY OF SOUTH GATE, a municipal corporation of the State of California (the "**City**"), and SOUTH GATE TOWNHOMES, LLC, a California limited liability company, acting by and through its sole member, AZURE COMMUNITY DEVELOPMENT, a California nonprofit public benefit corporation and an IRC 501(c)(3) tax-exempt public charity (the "**Developer**"). The City and Developer (sometimes referred to herein collectively as the "**Parties**", and individually as a "**Party**") hereby agree as follows:

RECITALS

A. The City is a municipal corporation that has received funds from the United States Department of Urban Development ("**HUD**") pursuant to the Home Investment Partnership Program and the implementing regulations thereto (collectively "**HOME Program**") for the purpose of providing decent, safe, sanitary, and affordable housing for low-and-moderate income persons and families.

B. The HOME Program authorizes recipient municipalities to provide pre-development HOME Program loans to developers to ensure access to funds for upfront eligible project expenditures.

C. Developer is interested in developing affordable for-sale dwelling units on certain real property located at 7916 Long Beach Blvd., South Gate, California, 90280 (the "**Property**"), consisting of eleven (11) single family townhomes that will be sold to eligible Low-Income households earning no more than 80% of Los Angeles County area median income ("**AMI**") at an affordable housing cost as defined in Section 50052.5(b)(3) of the California Health and Safety Code ("**Project**").

D. In furtherance of increasing the number of affordable for-sale homes, the City will assist Developer with predevelopment expenditures as deemed eligible under HOME Program regulations and agrees to make Four Hundred Twenty-Nine Thousand, Two Hundred Eight and 00/100 Dollars (\$429,208.00) of its allocation of HOME Program funds available to Developer as a predevelopment loan for this purpose (the "**Loan**", and the proceeds of the Loan are hereby referred to as the "**Loan Funds**").

E. Developer desires access to the Loan Funds, which shall be disbursed pursuant to and subject to the terms and conditions set forth in this Agreement, and shall be used by Developer only for eligible expenses related to Developer's Project-specific predevelopment activities at the Property, as described and defined further herein as the "Eligible Predevelopment Expenses" and as costs therefor are set forth in Exhibit "A" attached hereto, and in accordance with the "Performance Schedule" set forth in attached hereto as Exhibit "B" attached hereto.

F. The Loan will be evidenced by that certain Promissory Note (Deferred Repayment

Note), attached hereto as Exhibit "C" attached hereto and fully incorporated by this reference (**"Promissory Note"**).

G. The Parties desire to enter into this Agreement to memorialize the respective rights, obligations, and conditions of the Loan.

H. The City's provision of the Loan to Developer pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City and the welfare of its residents, and in accordance with the purpose of the HOME Program

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions hereinafter set forth, the Parties do hereby agree as follows:

AGREEMENT

1. DEFINITIONS

In addition to the capitalized terms elsewhere defined herein, the following terms as used in this Agreement shall have the meanings given below:

"Contract Officer" shall mean the City Manager, or such other person as may be designated by the City Manager.

"Developer Representative" shall mean Vanessa Delgado, who is designated by Developer to represent it in the administration of this Agreement.

"Eligible Predevelopment Expenses" shall mean the expenses provided for in this Agreement that are eligible to be paid for from and/or reimbursed from the proceeds of the Loan. Eligible Predevelopment Expenses constitute allowable costs for a developer to determine Project feasibility for the Property and other eligible predevelopment Project-specific activities and budgeted costs therefor as set forth in Exhibit "A" but shall expressly exclude general operational expenses by Developer pursuant to 24 CFR § 92.301(a)(2). Exhibit "A" sets forth by line item a list of Eligible Predevelopment Expenses, which include the following (if lawfully contracted for and incurred during the term of this Agreement): (i) professional and other consultants' services associated determining the feasibility of with Property acquisition and development of the Project thereon, engineering and/or architectural evaluation and services related to a scope of design for construction of the Project; (ii) market studies; and (iii) environmental testing assessment of the Property. The line-item categories of Eligible Predevelopment Expenses and the amounts budgeted for all items are set forth in Exhibit "A". No other costs, fees, or expenses shall be eligible for payment or reimbursement except as set forth in Exhibit "A", unless expressly authorized and approved in writing by the City Manager or his designee, which approval shall be in their sole and absolute discretion. In no event shall any of Developer's general operational expenses, in-house personnel, or day-to-day staffing be categorized or payable as Eligible Predevelopment Expenses.

"Guarantor" shall mean, individually and collectively, Vanessa Delgado, Azure Community Development, a California nonprofit public benefit corporation, and Azure Development, Inc., a California corporation.

"HOME Funds" shall mean the funds allocated annually to the City by HUD under the

HOME Program and may include more than one year of allocations. and may include non-set-aside funds for eligible activities.

"Loan Documents" shall mean this Agreement, the Promissory Note, and any guaranty or other documents and instruments required to be executed and delivered by Developer in connection with the Loan of HOME Funds to Developer hereunder.

"Performance Schedule" shall mean that certain performance schedule included as a part of Exhibit "B" and incorporated herein by this reference, setting out the dates and/or time periods by which certain obligations and tasks must be performed and completed.

"Predevelopment Activities" shall mean HOME Program eligible tasks, activities, and operations set forth in Exhibit "A" for which the time of performance is set forth in the Performance Schedule, which activities are carried out during this Agreement whether or not eligible to be paid from proceeds of the Loan, and all other obligations under this Agreement that Developer is required to perform.

"Predevelopment Budget" shall mean that certain Predevelopment Budget included as part of Exhibit "A" that sets forth specific, eligible line item categories of Eligible Predevelopment Activities and the amount of Loan Funds allocated to each category.

"Project" shall mean the affordable for-sale housing project at the Property described in Recital C above and in Exhibit "D" attached hereto.

2. TERM AND TERMINATION

2.1 Term. This Agreement shall be deemed to have commenced on the Effective Date set forth in the first paragraph of this Agreement and, unless terminated earlier pursuant to Section 2.2, shall continue thereafter until an agreement to develop the Property with affordable housing is reached between the Parties but in no event later than June 30, 2023. The Contract Officer is authorized, in their sole discretion, to renew the Agreement for an additional period or periods cumulatively not to exceed sixty (60) days (for an outside date of August 31, 2023) upon the written request of Developer Representative. Notwithstanding the expiration or earlier termination of this Agreement, Developer's obligations to the City shall not terminate until all HOME Program closeout requirements are completed. In addition, the following obligations of Developer shall survive termination of this Agreement: (a) Developer's indemnity obligations; (b) obligation to cause audits to be performed relating to Developer's activities and costs eligible for payment and/or reimbursement under this Agreement; (c) obligation to repay the City any proceeds improperly disbursed to the Developer or disbursed or used for ineligible expenditures as determined by the City or HUD that have not been previously repaid to the City; and (d) any other obligations which cannot by their nature be performed until after the expiration of the Agreement.

2.2 Termination

(a) Termination for Cause. This Agreement may be terminated by the City for cause as follows:

(i) **Lack of Funding.** If, for any reason, the HOME Funds required by the City to fund the Loan are not received by the City or are obligated or otherwise withdrawn from the

City, then the City may terminate this Agreement. Alternatively, if a reduction in funding is required, the City will provide Developer with a modified Exhibit "A", including an amended Predevelopment Budget and modified list of Eligible Predevelopment Expenses. The City will provide Developer ten (10) days' written notice prior to terminating or reducing funding.

(ii) Failure to Comply with Agreement. If Developer fails to comply with the terms and conditions of this Agreement and fails to cure the default within thirty (30) days after written notice by the City as set forth in Section 7.1, the City may terminate this Agreement upon giving written notice of termination to Developer.

(b) Termination for Convenience. This Agreement may be terminated by the City for convenience as provided in 24 CFR § 85.44 upon giving written notice of termination to Developer.

3. Predevelopment Loan

3.1 General.

(a) Subject to the terms and conditions set forth in this Agreement and provided Developer is not in default of this Agreement, the City agrees to loan Developer and Developer agrees to borrow from the City a portion of the City's allocation of HOME Funds in an amount not to exceed Four Hundred Twenty-Nine Thousand, Two Hundred Eight and 00/100 Dollars (\$429,208.00). The proceeds of the Loan shall be applied towards payment and/or reimbursement of items described and listed in Exhibit "A" as Eligible Predevelopment Expenses and within the Predevelopment Budget. The Predevelopment Budget may be amended, upon the mutual agreement of the Parties, but in no event shall the totally cumulative amount of the Loan exceed Four Hundred Twenty-Nine Thousand, Two Hundred Eight and 00/100 Dollars (\$429,208.00) unless by amendment to this Agreement duly approved and executed by the Parties. The Contract Officer is hereby authorized to approve or deny a request by Developer to amend the Predevelopment Budget, including the allocation of Loan proceeds between or among specified Eligible Predevelopment Expenses set forth in Exhibit "A", which approval will not be unreasonably withheld.

(b) In the event the Project is deemed infeasible, as described in Section 3.2(a), and the Loan Funds have not been exhausted, the Contract Officer is authorized to approve or deny a request by Developer to amend the list of Eligible Predevelopment Expenses, the Predevelopment Budget, and the Performance Schedule to include eligible predevelopment expenses associated with the Project. Any such approval by the Contract Officer may be withheld for no reason or for any reason whatsoever, and shall be memorialized in a subsequent writing mutually agreed to by the Parties in writing.

3.2 Repayment of Predevelopment Loan. Developer's obligation to repay the Loan shall be set forth in the Promissory Note attached as Exhibit "C", and repayment shall be deferred until the following condition first occurs:

(a) **Development of the Project is Infeasible.** The Contract Officer will waive repayment if Developer, as borrower, provides evidence reasonably satisfactory to the Contract Officer that there are objective impediments to the Project that are reasonably beyond the control of Developer that causes the Project to be infeasible pursuant to 24 CFR § 92.301(a)(3).

(b) **Default.** There is a default of Developer's obligations under this Agreement, and Developer fails to cure the default within the time periods provided in Section 7.1

(c) **Predevelopment Loan Incorporated into Development Financing.** The Loan shall be incorporated into any additional City funding or assistance necessary to develop the Property and complete the Project as set forth in the Affordable Housing Loan Agreement to be negotiated and entered into by and among the Parties.

(d) **Assignment of Project or Property.** In the event that Developer assigns or attempts to assign any portion of the Agreement or the Project or the Property (post-acquisition).

(e) **Failure to Approve Affordable Housing Agreement.** The Loan shall be immediately due and payable in the event that the City and Developer fail to enter into an Affordable Housing Loan Agreement for the Project within six (6) months after expiration of the term set forth in Section 2.1 of the Agreement.

3.3 Permissible Uses of Predevelopment Loan; Eligible Predevelopment Expenses. Subject to all of the terms and conditions of this Agreement, Developer shall be permitted to use the Loan proceeds only for the Eligible Predevelopment Expenses as defined herein and further described and set forth in Exhibit "A" that are actually and reasonably incurred by Developer during the term of this Agreement and approved by the Contract Officer, which approval will not unreasonably withhold, and for no other purpose. Eligible Predevelopment Expenses constitute allowable costs pursuant to 24 CFR § 92.206(d).

(a) **Policies; Selection of Consultants.** Developer shall provide the Contract Officer with a copy of each the Developer entity's procurement procedures. Procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Consultants and other service providers or contractors that Developer proposes to provide services hereunder, for which costs incurred therefor and may be eligible for reimbursement and qualify as Eligible Predevelopment Expenses, shall first be approved by the Contract Officer. In this regard, each consultant or contractor or subcontractor for which reimbursement or other payment hereunder is desired shall have the experience and qualifications to provide professional services or undertake work in the selected field or expertise, such as economic consultant, engineer, architect, environmental consultant, relocation consultant, appraiser, etc., for projects of the type and scope of the Project hereunder.

3.4 Disbursement of Predevelopment Loan.

(a) **Reimbursement Payment Method.** Provided that Developer is not in default of this Agreement, the Loan shall be disbursed by City to Developer on a reimbursement basis as Eligible Predevelopment Expenses are incurred by Developer, as set forth in this Section 3.4. The Loan proceeds shall be disbursed to Developer in the form of a reimbursement payment for Eligible Predevelopment Expenses incurred by Developer, and Developer shall not be entitled to advance disbursements of the Loan proceeds for Eligible Predevelopment Expenses not yet incurred.

(b) **Submittal of Reimbursement Request.** No later than the thirtieth (30th) day of each month of the calendar year after the Effective Date, Developer shall submit to the

Contract Officer a detailed invoice with complete and legible copies of supporting documentation so that proceeds of the Loan may be reimbursed to Developer for Eligible Predevelopment Expenses incurred by Developer. Each monthly reimbursement request shall itemize in detail the Eligible Predevelopment Expenses by listing each line item category from the Predevelopment Budget and including the following information for each category: (a) a description and the amount of each Eligible Expense included within that category for which reimbursement is sought; (b) the total amount budgeted in the Predevelopment Budget to the budget line item category; and (c) the total amount reimbursed to Developer for the budget line item category to date.

(c) City's Review of Payment Request and Disbursement of Funds. The Contract Officer shall have the authority on behalf of the City to calculate and approve the amount of Developer's Eligible Predevelopment Expenses. To the extent that City has received sufficient HOME Funds from HUD, payment of the Loan amount determined by the City to be owing to Developer pursuant to this Agreement for each month during the term of this Agreement shall be made by City within thirty (30) days after Developer's submission of a complete invoice/reimbursement request. If City disapproves an invoice for reimbursement, City shall notify Developer in writing of the reasons for disapproval within fifteen (15) days of its receipt of a reimbursement request, and thereafter Developer may revise the invoice to address the City's reasons for disapproval and re-submit the revised invoice for reimbursement.

(d) Conditions Precedent to Disbursement of Predevelopment Loan. The Loan shall be disbursed to or on behalf of Developer upon the satisfaction of the following conditions:

(i) Execution and Delivery of Documents. Developer shall have executed and delivered to City the Promissory Note (Deferred Repayment Note) in the form attached hereto as Exhibit "C" and any other Loan Documents required to be executed and delivered by Developer.

(ii) Reimbursement Request. Developer shall have provided a complete invoice/reimbursement request in accordance with Section 3.4(b)

(iii) Insurance. Developer shall have presented a certificate to City of the insurance policies/coverage and endorsements that are required pursuant to Section 6 hereof and shall be maintained by Developer and remain in full force and effect.

(iv) No Default. There shall exist no condition, event or act which would constitute an Event of Default (as hereinafter defined) hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default.

(v) Representations and Warranties. All representations and warranties of Developer contained herein shall be true and correct.

3.5 Return of Predevelopment Loan Proceeds. If it is determined, as a result of an audit or otherwise, that any disbursement of the Loan proceeds was improper or made for expenditures not eligible for reimbursement or other payment hereunder, Developer shall immediately owe and shall promptly repay to City the amounts of each and all such disbursements.

3.6 Excess Predevelopment Loan Proceeds. If the amount of Eligible

Predevelopment Expenses incurred by Developer during the term of this Agreement is less than the Loan, the excess Loan proceeds shall remain with and revert to City as HOME Program Funds and thereafter shall not be encumbered by this Agreement; provided the Contract Officer does not authorize their discretion pursuant to Section 3.1(b) to allocate excess Loan Funds to the Project, and the Parties enter into a subsequently written agreement therefor. In addition, the Loan funds for Eligible Predevelopment Expenses for which Developer has not submitted a complete invoice/reimbursement request to City within ten (10) days following the termination of this Agreement shall revert to City and be allocated for other eligible activities under the HOME Program.

3.7 Guaranty of Repayment of Loan. As a material inducement to City to enter into this Agreement and as a condition to City's obligation to make the Loan and disburse the Loan Proceeds, Developer shall cause Guarantor, and each of them, to personally guarantee the repayment of the Loan by their respective execution and delivery for the benefit of City of a guaranty agreement in form and substance acceptable to City.

4. PERFORMANCE OF PREDEVELOPMENT ACTIVITIES

4.1 Predevelopment Activities. Developer shall perform and complete all Predevelopment Activities diligently, in a timely manner, and in compliance with applicable federal, state, and local laws and regulations, including without limitation Developer shall obtain a City of South Gate business license before performing any the tasks set out in the Performance Schedule in Exhibit "B" attached to this Agreement. If any Predevelopment Activity constitutes a specific task or activity that is required under this Agreement to be commenced or completed by a certain date or time period, then Developer shall commence, complete and perform the task or activity within the specified time period. In connection therewith, Developer shall perform all Predevelopment Activities included in the Performance Schedule that is a part of Exhibit "B", which tasks shall be performed within the time period set forth therein.

4.2 Standard of Performance. Developer shall perform all Predevelopment Activities in a competent manner to the reasonable satisfaction of City and in accordance with this Agreement. In addition, Developer shall perform the Predevelopment Activities in compliance with the HOME Program and in a manner that meets the guidelines under which the Loan was awarded to Developer. Developer represents to City that the Predevelopment Activities will be performed by Developer under direct supervision by Developer Representative, and that all personnel engaged in the Predevelopment Activities shall be fully qualified, authorized, and permitted under applicable law to perform such Predevelopment Activities.

4.3 Monitoring. City through its Contract Officer shall monitor and evaluate Developer's performance under this Agreement to determine compliance with this Agreement and the HOME Program. Developer shall cooperate with City and shall make available to City all information, documents and records reasonably requested by City and shall provide City the reasonable right of access to the Property (post-acquisition) during normal business hours for the purpose of assuring compliance with this Agreement and evaluating Developer's performance hereunder.

4.4 Compliance with Laws and Regulations and HOME Program. Developer shall observe and comply with all applicable federal, state, and local laws, regulations and rules of governmental agencies having jurisdiction, including without limitation the HOME Program and the

statutes and regulations referenced therein. Because the source of the Loan is funds received from HUD pursuant to HOME Program, Developer is required to comply with all applicable requirements of the HOME Program. In the case of any conflict between the HOME Program and this Agreement, the HOME Program shall control; it being understood, however, that in order to be in compliance with this Agreement and the HOME Program, Developer shall, to the extent possible, comply with the most restrictive provisions in this Agreement and the HOME Program.

4.5 Licenses, Approvals and Permits. Developer shall secure, at its sole cost and expense, all licenses, permits and approvals that may be required by law for the performance of the Predevelopment Activities.

4.6 Program Costs. Except to the extent City has specifically agreed to provide the Loan and disburse proceeds thereof for Eligible Predevelopment Expenses pursuant to Section 3, Developer shall be responsible for any and all costs, fees, and other expense related in any manner directly or indirectly to the Project and any Predevelopment Activities whether or not there are adequate HOME Funds or proceeds available from the Loan therefor.

5. RECORDS AND REPORTS

5.1 Records

(a) Records to be Maintained. Developer shall keep and maintain records providing a full description of the Predevelopment Activities undertaken, records demonstrating that the Predevelopment Activities meet the HOME Program requirements and to maintain all records demonstrating the eligibility of the Predevelopment Activities constituting any Eligible Predevelopment Expenses and such other records as may be reasonably required by City to enable City to evaluate Developer's compliance with the HOME Program, and to identify and account for the use of the Loan proceeds, all expenditures for Eligible Predevelopment Expenses, all expenses for other Predevelopment Activities whether or not eligible or reimbursed or paid from loan proceeds, and all other costs pertaining to this Agreement to enable City to comply with its record keeping and reporting requirements under the HOME Program. Books and records pertaining to the Loan, Eligible Predevelopment Expenses, and all other Predevelopment Activities shall be kept and prepared in accordance with generally accepted accounting principles.

(b) Retention. The books and records required to be maintained by Developer under this Agreement shall be retained for a period of five (5) years following the termination of this Agreement; provided, however, in the event any litigation, audit, negotiation or other action involving the books and records is commenced prior to the expiration of the five (5) year retention period, Developer shall retain the books and records until completion of the action and resolution of all issues which arise from it.

(c) Location of Records. The books and records required to be maintained by Developer shall be kept at Developer's corporate offices.

(d) Access to Records. City and HUD and/or their representatives shall have full and free access to and the right to examine, inspect and audit all books and records of Developer pertaining to this Agreement at all times during normal business hours.

(e) **Audits.** Developer shall perform all audits of its books and records required by the HOME Program and/or by City and/or by HUD, and a copy of such audits shall be forwarded to City within thirty (30) days after completion. Such audits shall be conducted in accordance with the "Standards for Financial Management Systems" (24 CFR 84.21). Developer shall be subject to all audit and review requirements imposed on City in connection with this Agreement and shall, at its sole cost and expense, cause such audits and reviews to be timely performed.

5.2 Reports/Design Plans. Upon request and from time to time, Developer shall provide to City with true, correct and complete copies of any and all applications, appraisals, environmental assessments, reports, design plans, working drawings and other documents prepared by (or caused by Developer to be prepared by third party vendors) for the Project or as part of the work under the Agreement, including those in electronic form (collectively referred to herein as "**Work Product**"). If any part of the Work Product is based on, incorporates or is an improvement or derivative of, or cannot be reasonably and fully made, used, reproduced, modified, distributed or otherwise exploited, without using or violating any intellectual property right owned by Developer (the "**Licensed Rights**"), then Developer hereby grants to City a nonexclusive, perpetual, irrevocable, worldwide, royalty-free right and license to exploit and exercise all such Licensed Rights in support of City's exercise or exploitation of the Work Product, including any modifications, improvements and derivatives thereof. The Work Product is for use solely by Developer with respect to the Project. All Work Product is deemed to be City's confidential information.

6. INSURANCE AND INDEMNITY

6.1 Commencement of Work. Developer shall not commence work under this Agreement until all certificates and endorsements have been received and approved by City's risk management staff. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the City of any material change, cancellation, or termination at least thirty (30) days in advance.

6.2 Workers Compensation Insurance. For the duration of this Agreement, Developer and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable.

(a) *Compensation coverage/insurance:* At all times during the term of this Agreement, Developer, and each and all of their subcontractors, shall maintain Workers Compensation Insurance in the amount and type required by law. Developer agrees to waive, and to obtain endorsement from each workers' compensation insurer waiving, subrogation rights under its workers' compensation insurance policy against the City and shall require each and all of the subcontractors, if any, to do likewise under their workers' compensation insurance policies.

6.3 Insurance Amounts. Developer shall maintain the following insurance for the duration of this Agreement:

(a) *CGL coverage:* Commercial general liability in the amount of \$1,000,000 per occurrence; insurance companies, and the issued endorsements/certificates must be acceptable to the City, and each insurance company must have a Best's Guide Rating of A-Class VII or better, as approved by the City.

(b) *Auto coverage:* Automobile liability in the amount of \$1,000,000 combined single limit; Insurance companies must be acceptable to City and have a Best's Guide Rating of A-Class VII or better, as approved by City's risk management staff.

An Additional Insured Endorsement, for the policy under Section 6.3(a) shall designate the City, and their elected and appointed officials, officers, directors, employees, agents, counsels, and volunteers as additional insureds and loss payees (together, "Additional Insureds") for liability arising out of work or operations performed by or on behalf of Developer. Developer shall provide to Contract Officer proof of insurance and endorsement forms that conform to City's requirements.

An Additional Insured Endorsement for the policy under Section 6.3(b) shall designate the Additional Insureds, as additional insureds, and loss payees, for automobiles owned, leased, hired, or borrowed by Developer. Developer shall provide to Contract Officer proof of insurance and endorsement forms that conform to City's requirements.

For any claims related to this Agreement, Developer's insurance coverage shall be primary insurance as respects the Additional Insureds. Any insurance or self-insurance maintained by any of the Additional Insureds shall by excess of Developer's insurance and shall not contribute with it.

6.4 Disclosure to Developer- Mandatory Insurance under Future Contracts. Developer knowingly acknowledges and agrees that in the event the Parties proceed to negotiation of and entering into an affordable housing loan agreement and/or other implementing contract(s) for the Project with City that such contract(s) will include mandatory and expanded insurance requirements beyond the basic coverage set forth above in Section 6.2 and 6.3, including insurance requirements for Developer and their general contractor(s) and subcontractor(s) that may construct or otherwise work on the Project.

7. DEFAULTS AND REMEDIES

7.1 Defaults-General.

(a) Subject to any extensions of time pursuant to Section 8.5, failure, or delay by any Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction, or remedy with reasonable diligence and during any period of curing shall not be in default.

(b) The non-defaulting Party shall give written notice of default to the Party in default, specifying: (1) the nature of the event or deficiency giving rise to the event of default, (2) the action required to cure the event or deficiency, if an action to cure is possible and can be ascertained, and (3) a date by which such action to cure must be taken, if applicable. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Neither Party may exercise any rights or remedies upon a default by the other Party, unless and until such default continues for a period of thirty (30) days after written notice thereof from the non-defaulting Party unless otherwise provided. If the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then the defaulting Party shall not be deemed to be in default if it has commenced a cure within the 30-day period and

thereafter diligently prosecutes such cure to completion within ninety (90) days after receipt of written notice thereof.

(d) Any failures or delays by any Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive any 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.

7.2 Remedies. In addition to any other rights or remedies available at law or in equity, upon a default of Developer, City may:

(a) Temporarily withhold disbursement of the Loan proceeds pending correction of the default by Developer.

(b) Refuse to disburse all or any part of the Loan and reallocate the funds to another activity.

(c) Wholly or partially suspend or terminate the award of the Loan.

(d) Wholly or partially suspend or terminate this Agreement.

(e) Require Developer to repay any Loan funds that City determines were not expended in compliance with the requirements of this Agreement or the HOME Requirements.

(f) Require Developer to grant, assign and transfer all intellectual property rights in the Work Product to City (provided, however, submittal or distribution to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of City's rights hereunder).

(g) Institute legal action to cure, correct or remedy any default, to recover damages for any default or to obtain any other remedy consistent with the purposes of this Agreement.

Except as otherwise expressly provided in this Agreement, any failure or delay by City in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive City 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.

7.3 Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement, or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

8. GENERAL PROVISIONS

8.1 Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either Party may desire to give to the other Party under this Agreement must be in writing

and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the Party as set forth below, or at any other address as that Party may later designate by Notice:

City: City of South Gate
8650 California Ave.
South Gate, CA 90280
Attention: City Manager

Developer: South Gate Townhomes, LLC
c/o Azure Community Development
6055 E. Washington Blvd, Suite 495
Commerce, CA 90040
Attention: Vanessa Delgado

8.2 Non-Liability of Developer Officials and Employees. No member, official, employee or agent of Developer shall be personally liable to the City, or any successor(s) in interest, in the event of any default or breach by Developer or for any amount that may become due to City or its successors, or on any obligations under the terms of this Agreement, except for the liability of any Guarantor as otherwise provided in this Agreement.

8.3 Non-Liability of City Officials and Employees. No member, official, employee or agent of City shall be personally liable to Developer, or any successor(s) in interest, in the event of any default or breach by City or for any amount that may become due to Developer or their successors, or on any obligations under the terms of this Agreement.

8.4 Contract Administration. The Contract Officer shall be the person designated by City to administer this Agreement on behalf of City, and Developer Representative shall be the person designated by Developer to administer this Agreement on behalf of Developer.

8.5 Force Majeure. Subject to each Party's compliance with the notice requirements, performance by a Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of a public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of another Party, or acts or failures to act of any public or governmental entity (except that the acts or failure to act of City shall not excuse performance of City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Parties within thirty (30) days of the commencement of the cause.

8.6 Non-Discrimination; Equal Opportunity. Developer, for itself and its successors and assignees, agrees that during the term of this Agreement, Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex,

sexual orientation, familial status, ancestry, national origin or disability. Developer shall comply with HOME Program requirements, including nondiscrimination and equal opportunity; disclosure requirements; debarred, suspended or ineligible contractors (24 CFR 92.350). Developer shall include the foregoing non-discrimination provisions in all solicitations or advertisements placed by or on behalf of Developer for personnel or consultants to perform any services under this Agreement. Upon written request, City shall have right to inspect and have access to all of Developer (and its consultants') documents, data and books and records for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section 8.14. Developer agrees that all applicable provisions of federal Executive Order No. 11246 shall be incorporated into this Agreement by this reference, a copy of which shall be provided by City to Developer upon written request.

8.7 Compliance with Local, State, and Federal Laws. Developer shall carry out its obligations under this Agreement in conformity with all applicable laws, including all applicable federal and state labor standards.

8.8 Entire Agreement, Waivers, and Amendments. This Agreement including its Exhibits integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements among the Parties with respect to all or any part of the subject matter hereof. 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 City and Developer.

8.9 Applicable Law: Venue. The internal laws of the State of California shall govern the interpretation of this Agreement. All legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California.

8.10 Conflict of Interest. No member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any member, official or employee participate in any decision relating to the Agreement which affects their personal interests or the interests of any corporation, partnership or association in which they are directly or indirectly interested, and if any such interest comes to the knowledge of Developer at any time, a complete written disclosure of such interest will be made to the City, even if such interest would not be deemed a prohibited "conflict of interest" under applicable laws. Parties shall comply with 24 CFR 92.356 (f).

8.11 Litigation Expenses. In addition to any other remedies provided hereunder or available pursuant to law, if any Party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing Party shall be entitled to recover from the other Party its costs of suit and reasonable attorneys' fees.

8.12 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

8.13 Prohibition against Assignment and Transfer. The qualifications and identity of Developer and its sole member, Azure Community Development, are of particular concern to City.

It is because of those qualifications and identity that City has provided financial assistance to Developer and entered into this Agreement with Developer. Accordingly, Developer shall not, whether voluntarily, involuntarily or by operation of law, undergo any change in ownership, including without limitation any sale, transfer, grant or other issuance or disposition of a membership interest in Developer, or assign all or any part of this Agreement or any rights hereunder associated with the Project, Loan, Eligible Predevelopment Expenses, or other Predevelopment Activities without City's prior written approval, which City may grant or withhold in its sole and absolute discretion. For avoidance of doubt, Developer shall at all times hereunder be a wholly-owned subsidiary of Azure Community Development, no other member shall be admitted to Developer, and no membership interest in Developer shall be sold, transferred, granted, issued or disposed of without the prior written approval of City hereunder. In addition, Developer shall at all times hereunder cause Azure Community Development to keep and maintain its status as a tax-exempt public charity under Section 501(c)(3) of the U.S. Internal Revenue Code.

8.14 Patriot Act Compliance. Developer represents, warrants and covenants that neither Developer nor any of its members, officers, directors or managers (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) ("Order") and all applicable provisions of Title III of the USA Patriot Act (Public Law No. 107-56 (October 26, 2001)); (ii) is listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) is listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) is listed on any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraq Sanctions Act, Publ.L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 aa-9; The Cuban Democracy Act, 22 U.S.C. §§ 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 18.U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-120 and 107-108, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (vi) is engaged in activities prohibited in the Orders; or (vii) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this *HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT* as of the Effective Date set forth above.

DEVELOPER:

SOUTH GATE TOWNHOMES, LLC,
a California limited liability company,
acting by and through its sole member,
Azure Community Development,
a California nonprofit public benefit corporation
and an IRC 501(c)(3) tax-exempt public charity

By: _____
Vanessa Delgado, Manager
South Gate Townhomes, LLC

Date: _____, 2023

CITY:

CITY OF SOUTH GATE,
a California municipal corporation

By: _____
Maria del Pilar Avalos, Mayor

Date: _____, 2023

ATTEST:

Yodit Glaze, City Clerk

APPROVED AS TO FORM

Raul F. Salinas, City Attorney

EXHIBIT A

ELIGIBLE PREDEVELOPMENT ACTIVITIES AND EXPENSES WITH PREDEVELOPMENT BUDGET

7916 Long Beach Blvd., South Gate			
COST BREAKDOWN BUDGET			
January 26, 2023			
HARD COST BREAKDOWN	PRE-DEVELOPMENT HOME FUNDS	CONSTRUCTION LOAN	
Construction Contract - Onsite Infrastructure	\$ -	\$ 232,648	\$13 per SF (site is 17,896 SF)
Construction Contract - Housing Hard Cost	\$ -	\$ 2,404,978	See Housing Proforma
Construction Contract - Community Amenities	\$ -	\$ -	Not Applicable
Construction Contract - Demolition	\$ -	\$ 235,000	HOME Funds that require NEP
Contractor Fee & Indirects	\$ -	\$ 527,525	
Spec Const - Primary Pylon Sign	\$ -	\$ 45,000	Project Name at Entrance
Contingency (Hard)	\$ -	\$ 344,515	10%
TOTAL	\$ -	\$ 3,789,666	
SOFT COST DEVELOPMENT	PRE-DEVELOPMENT HOME FUNDS	CONSTRUCTION LOAN	
Architectural & MEP	\$ 181,000	\$ 60,000	Estimate
Landscaping & Streetscape	\$ 18,500	\$ -	Estimate
Civil Engineering and Soils	\$ 65,000	\$ 15,000	Estimate
Environmental Due Diligence	\$ -	\$ -	DTSC Grant
Entitlements and CEQA	\$ -	\$ -	By City (in Permit Fees)
Mitigation, Permits & Fees	\$ 75,000	\$ 196,000	Estimate
Marketing and Community Outreach	\$ -	\$ 27,500	Estimate
Market Studies	\$ -	\$ 15,000	Estimate
Legal Fees (MOU, PSA and AHA)	\$ 25,000	\$ 19,000	Estimate
Utility Connection Fees	\$ 31,000	\$ 215,900	Estimate
Property Taxes	\$ -	\$ -	Non-Profit Exemption
Administration Fees	\$ -	\$ 5,000	Estimate
Accounting	\$ -	\$ 18,000	Estimate
Subdivision Bond	\$ -	\$ 28,000	Estimate
Insurance	\$ -	\$ 45,000	Estimate
Loan Closing Cost & Fees	\$ -	\$ 88,016	2%
Interest on Loan #1	\$ -	\$ 245,186	Estimate
Developer Fee	\$ -	\$ 448,000	Azure 501c3
Contingency (Soft)	\$ 33,708	\$ 97,760	7%
TOTAL	\$ 429,208	\$ 1,523,362	
Hard Costs	\$ -	\$ 3,789,666	
Soft Costs	\$ 429,208	\$ 1,523,362	
Total Development Budget	\$ 429,208	\$ 5,313,028	

EXHIBIT B PERFORMANCE SCHEDULE

LONG BEACH BLVD. TOWNHOMES PROJECT SCHEDULE

Azure Community Development, a 501(c)3

As of Thursday, January 26, 2023

Project Start Date: 6/14/2022 (Tuesday)		Display Week	33								Week 34	Week 35	Week 36	Week 37	Week 38	Week 39	Week 40
Project End Date: 7/23/2024 (Tuesday)											30 Jan 2023	6 Feb 2023	13 Feb 2023	20 Feb 2023	27 Feb 2023	6 Mar 2023	13 Mar 2023
TASK	START	END	DAYS	%													
1. ACQUISITION																	
1.1 PSA Negotiation	Tue 6/14/22	Thu 7/28/22	1	100%													
1.2 Opening of Escrow	Tue 8/9/22	Tue 8/9/22	1	100%													
1.3 Debt Diligence Period	Tue 8/9/22	Mon 1/30/23	181	87%													
1.4 MOU for use of Home Funds	Wed 10/26/22	Tue 2/14/23	111	89%													
1.5 Close of Escrow w NEPA/CEQA	Mon 1/30/23	Mon 5/01/23	92	0%													
2. ENTITLEMENTS																	
2.1 Project Description Submittal	Mon 1/16/22	Mon 1/16/22	1	100%													
2.2 City to process NEPA/CEQA	Mon 1/16/22	Mon 5/1/23	154	34%													
2.3 City Council Consideration of Vesting TTM	Tue 3/28/23	Mon 5/1/23	34	0%													
2.4 Recordation of Final Map	Mon 5/01/23	Thu 10/05/23	158	0%													
3. ADDITIONAL FUNDING																	
3.1 Submit Phase 1 IIG Grant Application	Tue 1/11/23	Tue 1/11/23	1	0%													
3.2 Submit Cal Home Grant Application	Tue 2/28/23	Tue 2/28/23	1	0%													
3.3 Cal Home Awards Announced	Mon 5/01/23	Mon 5/28/23	120	0%													
3.4 Submit Phase 2 IIG Grant Application	Wed 3/01/23	Wed 3/01/23	1	0%													
3.5 IIG Grant Awards Announced	Mon 7/03/23	Mon 7/03/23	0	0%													
3.6 Submit DTSC ECRG Grant Application	Wed 5/03/23	Wed 5/03/23	1	0%													
3.7 DTSC ECRG Awards Announced	Mon 8/28/23	Tue 12/05/23	100	0%													
4. CONSTRUCTION DRAWINGS																	
4.1 Schematic Development	Mon 1/09/22	Tue 2/14/23	99	78%													
4.2 Design Development	Tue 2/14/23	Fri 4/14/23	60	0%													
4.3 CDs - 1st Submittal	Fri 4/14/23	Tue 7/11/23	89	0%													
4.4 Plan Check	Tue 7/11/23	Fri 8/25/23	46	0%													
4.5 CDs - 2nd Submittal	Fri 8/25/23	Mon 9/25/23	32	0%													
4.6 Plan Check	Mon 9/25/23	Sun 10/08/23	14	0%													
4.7 Permits Ready to Issue	Sun 10/08/23	Tue 10/10/23	3	0%													
5. CONSTRUCTION LOAN																	
5.1 Prepare Loan Package w Broker	Tue 2/14/23	Tue 2/28/23	15	0%													
5.2 LOI	Tue 2/28/23	Mon 5/15/23	77	0%													
5.3 Loan Committee	Mon 5/15/23	Tue 6/13/23	30	0%													
5.4 Loan Preparation	Tue 6/13/23	Mon 5/14/23	63	0%													
5.5 Loan Closing	Tue 10/10/23	Thu 10/19/23	10	0%													
6. CONSTRUCTION																	
6.1 Completion	Mon 5/01/23	Mon 7/31/23	92	0%													
6.2 Construction Bidding	Mon 8/28/23	Tue 10/31/23	30	0%													
6.3 Notice to Proceed	Tue 10/24/23	Fri 12/08/23	45	0%													
6.4 Construct Model Home/Baglin Sales	Fri 12/08/23	Mon 2/05/24	60	0%													
6.5 Construction	Fri 12/08/23	Mon 6/24/24	200	0%													
6.6 Completion	Mon 6/24/24	Tue 7/23/24	30	0%													

EXHIBIT C

PROMISSORY NOTE (Deferred Repayment Note)

\$429,208.00

2023
South Gate, California

FOR VALUE RECEIVED, SOUTH GATE TOWNHOMES, LLC, a California limited liability company, acting by and through its sole member, AZURE COMMUNITY DEVELOPMENT, a California nonprofit public benefit corporation ("Developer") promises to pay to the order of CITY OF SOUTH GATE, a California municipal corporation ("City"), at the City's office at 8650 California Ave., South Gate, California, 90280, or at such other place as the City may designate in writing, the principal sum of **Four Hundred Twenty-Nine Thousand, Two Hundred Eight and 00/100 Dollars (\$429,208.00)**, or so much of such amount which has been disbursed by the City to or on behalf of Developer for Eligible Predevelopment Expenses ("Loan"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. **Agreement.** This Promissory Note (Deferred Repayment Note) ("Note") is given in accordance with that certain HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT entered into and executed by the City and Developer of even date herewith ("Agreement"). The rights and obligations of Developer and City under this Note shall be governed by the Agreement and by the additional terms set forth in this Note.

2. **Interest.** No interest shall accrue on the Loan.

3. **Repayment of Loan.** Developer's obligation to repay the Loan shall be deferred until the following condition first occurs:

(a) City will waive repayment if Developer, as borrower, provides evidence reasonably satisfactory to the Contract Officer that there are objective impediments to the Project that are reasonably beyond the control of Developer that causes to the Project to be infeasible pursuant to 24 CFR § 92.301(a)(3).

(b) The Loan shall be incorporated into any additional City funding or assistance necessary to develop the Property and complete the Project as set forth in the Affordable Housing Loan Agreement ("AHA") to be negotiated and entered into by and among the Parties.

(c) The Loan shall be immediately due and payable in the event that Developer commits a material breach of the Agreement and fails to cure the default within the time period(s) provided in the Agreement.

(d) The Loan shall be immediately due and payable in the event that Developer assigns or attempts to assign any portion of the Agreement or the Project or the Property (post-acquisition).

(e) The Loan shall be immediately due and payable in the event that City and

Developer fail to enter into an AHA for the Project within six-months after expiration of the term set forth in Section 2.1 of the Agreement.

Failure to declare such amounts due shall not constitute a waiver on the part of City to declare them due subsequently.

4. Guaranty of Repayment. Repayment of the Loan as evidenced by this Note is personally guaranteed by each Guarantor as defined in the Agreement.

5. Waivers.

(a) Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer.

(b) No extension of time for payment of this Note made by agreement by City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part.

(c) The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

6. Attorneys' Fees and Costs. Developer agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Developer and by City.

8. Developer Assignment Prohibited. In no event shall Developer assign or transfer any portion of this Note (or the Agreement, or the Project, or the Site (post-selection)) without the prior express written consent of City, which consent may be given or withheld in the City's sole discretion.

9. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS NOTE AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS NOTE, WHETHER SOUNDING IN CONTRACT, TORT OR EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. THE VENUE TO RESOLVE ANY DISPUTE ARISING HEREUNDER SHALL BE LOS ANGELES COUNTY, CALIFORNIA.

IN WITNESS HEREOF, the undersigned Developer, intending to be legally bound, hereby executes this Note in favor of City as of the first day set forth above.

DEVELOPER:

SOUTH GATE TOWNHOMES, LLC,
a California limited liability company,
acting by and through its sole member,
Azure Community Development,
a California nonprofit public benefit corporation
and an IRC 501(c)(3) tax-exempt public charity

[NOT FOR EXECUTION]

By: _____
Vanessa Delgado, Manager
South Gate Townhomes, LLC

EXHIBIT D

PROJECT DESCRIPTION

INTRODUCTION

The Long Beach Blvd. Townhome Project (Project Site) includes development of affordable residential homes in the City of South Gate (City). South Gate Townhomes, LLC, a California limited liability company, acting by and through its sole member, Azure Community Development, Inc., a California nonprofit public benefit corporation (Applicant) proposes to develop eleven (11) affordable dwelling units, discussed in more detail below.

REQUESTED ENTITLEMENTS

To allow for implementation of the Project, the Applicant is requesting the following entitlements:

1. Pursuant to SGMC Title 11.31 and Government Code Section 65915, Density Bonus approval for a Housing Development Project with eleven (11) dwelling units. 100 percent of the units would be restricted affordable at 80 percent of Los Angeles County area median income (AMI). The following allowable ministerial incentives, additional incentives, and waivers are also requested:

Ministerial Incentives

- a. Parking Reduction pursuant to Government Code Section 65915(p)(2) to waive the requirement for 0.2 guest parking spaces per dwelling unit. The Project can accommodate one ADA guest parking stall.
2. Pursuant to SGMC Title 12 and Government Code Section 66411, Vesting Tract Map to subdivide the parcel into eleven (11) parcels to facilitate the development of the Project.
3. Pursuant to Public Resources Code (PRC) Section 21155.1, an exemption from the California Environmental Quality Act (CEQA) provided that:
 - a. The proposed project qualifies as a transit priority project pursuant to PRC Section 21155(b).
 - b. The proposed project is consistent with the general use designations, density, building intensity, and applicable policies specified for the project area in the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) prepared by the Southern California Association of Governments (SCAG) pursuant to PRC Section 21155(a).
 - c. The proposed project contains more than 50 percent residential; provides a minimum net density greater than 20 units an acre; and is within one-half mile

of a High-Quality Transit Corridor (HQTC) included in a regional transportation plan per PRC Section 21155(b).

- d. That all criteria in PRC Section 21155.1(a) and (b) are met, including environmental criteria, land use criteria, and at least one criterion (affordable housing) in PRC Section 21155.1 (c).

Additionally, Pursuant to various sections of the City's Code, the Applicant will request approvals and permits from various City Departments (and other municipal agencies) for Project construction actions including, but not limited to: demolition, excavation, shoring, grading, foundation, and building improvements.

ENVIRONMENTAL SETTING

The 0.41-acre or 17,859 square foot Project Site, consists of 2 contiguous parcels located at 7916 Long Beach Boulevard at Cudahy Street in the City. The Assessor Parcel Numbers (APN) for the Project Site are 6202-010-900 and 6202-010-901. The Project Site includes 5,850 square feet of one-and-two story structures originally constructed in 1950.

Located at the northeast corner of Long Beach Boulevard and Cudahy Street, the property is adjoined by commercial and single family residential uses to the immediate north and east in the unincorporated Los Angeles County community of Walnut Park; commercial/retail uses are located immediately south and west of the parcel within the City limits. Land uses in the greater Project Site area include commercial/retail to the north, commercial/retail and residential to the south, commercial/retail to the west across Long Beach Boulevard, and residential to the east.

The Project Site is located within the City's "Urban Neighborhood" Zoning District and within the Corridor Overlay Zone; Sub Area 1 Long Beach Corridor of the City's General Plan.

Regional access to the Project Site area is provided via State Route 105 located approximately 2.8 miles to the south, State Route 110 located approximately 3.3 miles to the west, State Route 710 located approximately 5.8 miles to the east; and Interstate 10 located approximately 4.7 miles to the north.

The Project Site is served by the following transit options:

Metro Bus Line 60 – To the west of the Project Site, at the corner of Broadway Avenue and Pacific Boulevard, is a bus stop served by Metro Line 60, providing service to and from Downtown Los Angeles and the Artesia Station in the City of Compton. Metro Line 60 has average 15-minute service intervals during the eastbound morning and afternoon peak hours, as defined by the Final Connect SoCal Transit Technical Report Adopted on September 3, 2020. Thus, Long Beach Boulevard is an HQTC.¹

¹ Based on the Final Connect SoCal Transit Technical Report Appendix I, "A high-quality transit corridor means a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours."

Florence-Firestone/Walnut Park Shuttle (the Link) – To the northwest of the Project Site, Los Angeles County's community shuttle, the Link, stops at Broadway Avenue and Pacific Boulevard. The Link has average maximum 60-minute service intervals and runs Monday through Friday from 7 am to 6 pm and Saturday from 9 am to 6 pm.

Pacific Blvd/Long Beach Blvd Bikeway – This Active Transportation bikeway runs the length along Pacific and Long Beach Boulevards beginning at Santa Fe Avenue in the City of Huntington Park and terminating at Ocean Avenue in the City of Long Beach.

PROJECT CHARACTERISTICS

The Project Site will be redeveloped with two three-story buildings (a total of 17,302 square feet) that include eleven (11) restricted affordable dwelling units with attached garages, providing two vehicle parking spaces each (a total of 22 spaces) and one (1) ADA guest parking stall. Bicycle parking could also be accommodated within the garages. The buildings would reach a maximum height of 35 feet. The eleven (11) dwelling units would include six (6) 3-bedroom units and five (5) 4-bedroom unit.

A total of approximately 2,484 square feet of private open space is programmed or 225 square feet of private open space per home. The private open space is provided within ground-level patio areas for each of the dwelling units. A total of 3,320 square feet of common open space is provided in the Project with 1,309 square feet within the setback areas.

Vehicle access to the Project Site will be Long Beach Boulevard. Pedestrian access to each dwelling unit would be provided along the perimeter of the parcel, distinct from the vehicle access area. The architectural design façade treatment would be unique, yet compatible with the existing residential community.

Based on City records and a case summary published by GeoTracker, the data management system for the California State Water Resources Control Board, the Project Site is a former auto body shop (formerly operated as Freedom Ford) and is known to have had an onsite LUST. In 1997, seven (7) hydraulic lifts, one clarifier and 83 tons of petroleum-impacted soils were removed. In 1998, a 7,500-gallon gasoline underground storage tank and a 550-gallon waste oil underground storage tank were removed from the Project Site. However, potential contaminants such as benzene, tetrachloroethylene (PCE), toluene, and trichloroethylene (TCE) remain in the soil. As part of the development, Applicant will perform investigations and remediation as required by the applicable oversight agency.

PROJECT DESIGN FEATURES

The Project would include the following energy and water conservation measures as a Project Design Feature (PDF):

Energy Efficiency Measures

- High-performance Low-e windows with low Solar Heat Gain Coefficient (SHGC) and U-value
- Wood framed walls with R-21 batt insulation
- Wood framed roof with R-38 batt insulation + R-5 rigid insulation
- Cool Roof Rating Council (CRRC) certified high-reflectance cool roof
- High-efficiency Mini-Split Heat Pumps with 19 Seasonal Energy Efficiency Ratio (SEER) cooling efficiency and 10 High Seasonal Performance Factor (HSPF) heating efficiency
- Individual high efficiency tankless gas water heaters
- Low-flow fixtures
- Reduced Lighting wattage from LED fixtures throughout the buildings, including Common Spaces and Amenities, with Daylight and Motion Sensor controls

Water Efficiency Measures

- Showerheads: 1.8 gallons per minute (GPM)
- Lavatory faucets: 1.2 GPM
- Kitchen faucets: 1.5 GPM
- Tank water closets (toilets): 1.28 gallons per flush (GPF)
- Clothes washers: Energy Star certified, 3.2 Water Factor (WF)
- Dishwashers: Energy Star certified, 4 Gallons per Cycle (GPC)

**PROMISSORY NOTE
(Deferred Repayment Note)**

\$429,208.00

2023
South Gate, California

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1. Agreement. This Promissory Note (Deferred Repayment Note) ("Note") is given in accordance with that certain HOME PROGRAM PREDEVELOPMENT LOAN AGREEMENT entered into and executed by the City and Developer of even date herewith ("Agreement"). The rights and obligations of Developer and City under this Note shall be governed by the Agreement and by the additional terms set forth in this Note.

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(b) The Loan shall be incorporated into any additional City funding or assistance necessary to develop the Property and complete the Project as set forth in the Affordable Housing Loan Agreement ("AHA") to be negotiated and entered into by and among the Parties.

(c) The Loan shall be immediately due and payable in the event that Developer commits a material breach of the Agreement and fails to cure the default within the time period(s) provided in the Agreement.

(d) The Loan shall be immediately due and payable in the event that Developer assigns or attempts to assign any portion of the Agreement or the Project or the Property (post-acquisition).

(e) The Loan shall be immediately due and payable in the event that City and Developer fail to enter into an AHA for the Project within six-months after expiration of the term set forth in Section 2.1 of the Agreement.

Failure to declare such amounts due shall not constitute a waiver on the part of City to declare them due subsequently.

4. Guaranty of Repayment. Repayment of the Loan as evidenced by this Note is personally guaranteed by each Guarantor as defined in the Agreement.

5. Waivers.

(a) Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer.

(b) No extension of time for payment of this Note made by agreement by City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part.

(c) The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

6. Attorneys' Fees and Costs. Developer agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Developer and by City.

8. Developer Assignment Prohibited. In no event shall Developer assign or transfer any portion of this Note (or the Agreement, or the Project, or the Site (post-selection)) without the prior express written consent of City, which consent may be given or withheld in the City's sole discretion.

9. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS NOTE AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS NOTE, WHETHER SOUNDING IN CONTRACT, TORT OR EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. THE VENUE TO RESOLVE ANY DISPUTE ARISING HEREUNDER SHALL BE LOS ANGELES COUNTY, CALIFORNIA.

IN WITNESS HEREOF, the undersigned Developer, intending to be legally bound, hereby executes this Note in favor of City as of the first day set forth above.

DEVELOPER:

SOUTH GATE TOWNHOMES, LLC,
a California limited liability company,
acting by and through its sole member,
Azure Community Development,
a California nonprofit public benefit corporation
and an IRC 501(c)(3) tax-exempt public charity

By: _____
Vanessa Delgado, Manager
South Gate Townhomes, LLC

GUARANTY AGREEMENT

(Vanessa Delgado)

THIS GUARANTY AGREEMENT (this "Guaranty") dated as of _____, 2023, by **VANESSA DELGADO**, an individual with a principal residence at 412 North 10th Street, Montebello, California 90640 ("Guarantor") to and for the benefit of **CITY OF SOUTH GATE**, a municipal corporation with its principal office at 8650 California Avenue, South Gate, California 90280 (the "City").

In order to induce the City to enter into, and to disburse funds pursuant to, a HOME Program Predevelopment Loan Agreement of even date herewith between the City and South Gate Townhomes, LLC, a California limited liability company ("Borrower") (such loan agreement, as may be amended, modified, and supplemented from time to time, being called the "Loan Agreement" and all capitalized terms used and not otherwise defined in this Guaranty having the meanings given to them in the Loan Agreement), Guarantor covenants and agrees with the City as follows:

1. Guaranty. Guarantor unconditionally and irrevocably guarantees the full and punctual payment when due, whether at its stated maturity, by acceleration or otherwise, of the amounts due and owing under the Note and all other indebtedness, obligations and liabilities of Borrower under or in connection with the Loan Agreement, whether for principal, interest, fees, expenses or otherwise, including without limitation any and all reasonable expenses (including without limitation attorneys' fees) which may be paid or incurred by the City in collecting any or all of the foregoing and enforcing any rights under this Guaranty (all such indebtedness, obligations and liabilities being called the "Obligations").

2. Obligations Paid in Accordance with the Loan Agreement. Guarantor guarantees that the Obligations shall be paid strictly in accordance with the terms and provisions of the Loan Agreement, regardless of any law, regulation or decree now or hereafter in effect in any jurisdiction which might in any manner affect any of such terms or provisions or the rights of the City with respect thereto, or which might cause or permit to be invoked any alteration in the time, amount or manner of payment by Borrower of any of the Obligations. Guarantor agrees that, upon demand, Guarantor shall reimburse the City, to the extent that such reimbursement is not made by or on behalf of Borrower when due pursuant to the terms of the Loan Documents, for the amounts outstanding with respect to the Obligations, as more particularly set forth in this Guaranty. Guarantor further agrees that, if Borrower defaults under the Loan Agreement beyond all applicable notice, grace and cure periods and the City is prevented from accelerating or collecting payment of the Obligations, because of any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower or any other reason, the City shall be entitled to receive from Guarantor, upon demand, the sums that would have been due and payable with respect to the Obligations if such acceleration had occurred and the City had been permitted to collect such sums from Borrower.

3. Enforcement of Guaranty. The City, in its sole discretion, may proceed to exercise any right or remedy which the City may have under this Guaranty without pursuing or exhausting any right or remedy which it may now or hereafter have against Borrower or any other person or

entity or which it may now or hereafter have with respect to any and all rights or interests in any guaranty now or hereafter granted to it under the terms of the Loan Agreement for any or all of the Obligations (such other guaranty being called the "Collateral"); and the City may proceed to exercise any right or remedy which it may have under this Guaranty without regard to any actions or omissions of Borrower or any other person. Guarantor agrees that, if the City now or hereafter holds any other guaranty applicable to any of the Obligations, the liability of Guarantor under this Guaranty shall be joint and several with each party obligated on such other guaranty.

4. Guaranty Absolute. The obligations of Guarantor under this Guaranty shall be absolute, unconditional, and irrevocable, regardless of:

(a) the validity, legality or enforceability of the Loan Agreement or any part of the Loan Agreement;

(b) the existence, value, or condition of any or all of the Collateral for any or all of the Obligations;

(c) any limitation of liability of Borrower contained in the Loan Agreement;

(d) any impossibility or illegality of performance on the part of Borrower of the Obligations;

(e) any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(f) any stay, disaffirmance, or other action, or any discharge of the Obligations, in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(g) any law, regulation, or decree applicable in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower that permits the Obligations to be collected from Borrower or to accrue with respect to Borrower;

(h) any defense based on a failure by the City to file or enforce a claim against Borrower or the estate of Borrower in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(i) any defense based on the incapacity or lack of authority of Borrower or Guarantor; or

(j) any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being agreed that the obligations of Guarantor under this Guaranty shall not be discharged except as provided in this Guaranty.

5. Guaranty Not Affected. Without limiting the generality of Section 4 above, Guarantor consents and agrees that, at any time and from time to time:

(a) the time, manner, place, or terms of payment of all or any of the Obligations may be extended or changed;

(b) any or all of the Collateral for any or all of the Obligations may be exchanged, released, surrendered or otherwise disposed of;

(c) any action may be taken under or in respect of the Loan Agreement or any part of Loan Agreement, in the exercise of any remedy, power or privilege contained in the Loan Agreement (including, without limitation, the acceleration of the maturity of the Note) or otherwise with respect thereto, or such remedy, power or privilege may be waived, omitted, or not enforced;

(d) the time for Borrower's or any other person's performance of or compliance with any term, covenant or agreement on its part to be performed or observed under the Loan Agreement or any part thereof may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to;

(e) the Loan Agreement, or any part or any terms of the Loan Agreement, may be amended or modified in any respect (including, without limitation, with respect to interest on the Note); and

(f) the liability of Borrower to pay any and all of the Obligations may be settled or compromised, and payment of any and all of the Obligations may be subordinated to the prior payment of any other debts or claims of Borrower; provided, however, that, subject to the limitations of Section 8 below, nothing contained in this paragraph (f) shall affect any right to subrogation which Guarantor may have with respect to Borrower.

All of the foregoing may be accomplished in such manner and upon such terms as the City may deem proper, and without notice to or further assent from Guarantor (unless otherwise required pursuant to the Loan Documents), with or without consideration, and all without affecting this Guaranty or the obligations of Guarantor under this Guaranty, which shall continue in full force and effect until all of the Obligations and all obligations of Guarantor under this Guaranty shall have been fully paid and performed.

6. Waiver. Guarantor waives notice of acceptance of this Guaranty, presentment, demand, protest, notice of the disbursement of funds to Borrower from time to time under the Loan Agreement, notice of the occurrence of an Event of Default, and any other notice of any kind whatsoever, with respect to any or all of the Obligations, and promptness in making any claim or demand under this Guaranty, but no act or omission of any kind whatsoever shall in any way affect or impair this Guaranty. This is a guaranty of payment and not of collection, and Guarantor further waives any right to require that any action be brought against Borrower or any other person or to require that resort be had to any security of Borrower or any other person. Guarantor further agrees as follows:

6.1 Guarantor waives any and all legal requirements that the City shall institute any action or proceedings at law or in equity against Borrower or anyone else with respect to the

breach of the Obligations as a condition precedent to bringing an action against Guarantor pursuant to this Guaranty.

6.2 Guarantor waives all right to require the City to proceed against Borrower or any other person, firm or corporation or to pursue any judicial, nonjudicial and/or provisional remedy. The City may proceed against Guarantor with respect to the Obligations without taking any action against Borrower or any other person, firm or corporation and without proceeding against or applying any security the City holds.

6.3 Until the Obligations have been fully satisfied, Guarantor shall not have any right of subrogation. Guarantor waives any benefit of and any right to participate in the Collateral held by the City for the performance of the Obligations. Guarantor authorizes and empowers the City to exercise any right or remedy which the City may have.

6.4 Upon the occurrence of an Event of Default, the City may maintain an action upon this Guaranty whether or not action is brought against Borrower and whether or not Borrower is joined in any such action.

6.5 Guarantor expressly waives any and all benefits, rights and/or defenses which might otherwise be available to Guarantor under California Civil Code sections 2787 to 2855, inclusive, and 2899, 2953 and 3433.

6.6 Any action taken by the City against Borrower or against the Collateral held by the City which shall impair or destroy any rights Guarantor may have against Borrower shall not act as a waiver or an estoppel of the City's rights to proceed against and initiate any action against Guarantor to enforce the terms of this Guaranty and until the Obligations have been fully satisfied.

6.7 Guarantor acknowledges that Guarantor has been made aware of the provisions of California Civil Code section 2856, has read and understand the provisions of that statute, have been advised by its counsel as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, Guarantor agrees to waive all suretyship rights and defenses described in Civil Code sections 2856(a)-(d). Without limiting any other waivers in this Guaranty, Guarantor gives the following waiver pursuant to Section 2856(d) of the California Civil Code:

Guarantor waives all rights and defenses arising out of an election of remedies by the City, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise.

6.8 Guarantor acknowledges that Guarantor has relied on the advice of its own counsel in making this Guaranty and has reviewed the waivers of rights contained in this Guaranty with Guarantor's counsel. Guarantor further acknowledges that Guarantor understands and accepts

as a necessary part of this Guaranty the waivers of rights set forth above, after reviewing the extent and effect of the waivers in this Guaranty with Guarantor's counsel.

7. Reinstatement; Continuing Guaranty. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the City upon any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower, or otherwise, all as though such payment had not been made. Guarantor agrees that this is a continuing guaranty and shall remain in full force and effect until payment in full of the Obligations and any and all expenses which might be incurred by the City in collecting any or all of the Obligations or in enforcing any rights under this Guaranty.

8. Subrogation. Guarantor shall not exercise any rights which Guarantor may have acquired by way of subrogation, by any payment made under this guaranty or otherwise, unless and until all of the Obligations shall have been paid in full, and if any payment shall be made to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, each and every amount so paid shall forthwith be paid to the City to be credited and applied upon any of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Agreement. Guarantor understands and agrees that any rights of subrogation which it may have are only those which exist by operation of law or by separate agreement between Guarantor and Borrower.

9. Financial and Other Information. So long as this Guaranty continues in effect, Guarantor covenants and agrees that, unless the City otherwise consents in writing, Guarantor shall furnish such additional financial statements and other information and reports concerning the financial condition of Guarantor, as the City may from time to time reasonably request.

10. Representations and Warranties. Guarantor represents and warrants as follows:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other law and equity principles applied for the relief of debtors generally.

(b) The most recent financial statements of Guarantor, copies of which have been furnished to the City, fairly present the financial condition of Guarantor as at such date, and since such date, there has been no material adverse change in such condition.

(c) Guarantor has filed all tax returns (federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or provided adequate reserves for payment thereof.

(d) Guarantor has examined the Loan Agreement or has had the opportunity to examine the Loan Agreement but has waived the right to examine the Loan Agreement.

(e) Guarantor is the President/CEO of Azure Community Development, the sole member of Borrower and will benefit directly from the disbursement of funds by the City to Borrower under the Loan Agreement

11. Guarantor's Acknowledgment. Guarantor acknowledges that the City has no duty to inform Guarantor at any time as to any facts concerning Borrower and that Guarantor is fully responsible for being and remaining informed by Borrower of all circumstances bearing on the status of Borrower of the existence or creation or the risk of nonpayment of the Obligations. The City may grant or continue credit, and may make disbursements of funds, to Borrower, regardless of the financial or other condition of Borrower, and prior or subsequent to any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower. Guarantor further acknowledges that no representations or warranties of any kind have been made by the City to Guarantor.

12. No Waiver; Amendments. No failure or delay on the part of the City in exercising any right, power or remedy under this Guaranty shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this Guaranty. No amendment, modification, termination, or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the City and, in the case of an amendment or modification, by Guarantor, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances.

13. Cumulative Remedies. Each right, power, and remedy of the City under this Guaranty shall be cumulative and in addition to any other right, remedy, or power not specifically granted in this Guaranty or now or hereafter existing in equity, at law, by virtue of statute or otherwise, and may be exercised by the City from time to time concurrently or independently and as often and in such order as the City may deem expedient.

14. Notices. All notices, requests, demands and other communications provided for under this Guaranty shall be in writing (or by e-mail, or similar electronic transmission confirmed in writing) and shall be deemed to have been duly given or made (i) when delivered by hand, or (ii) when delivered by recognized overnight delivery service, or (iii) if given by mail, three (3) business days after deposit with the United States Postal Service by certified mail, return receipt requested, sufficient postage prepaid, or (iv) if given by e-mail, or similar electronic transmission, when sent and receipt has been confirmed, addressed as stated below, or to such other address as the addressee may have specified in a notice duly given to the other addressees.

To Guarantor: Vanessa Delgado
c/o Azure Community Development
6055 E. Washington Boulevard, Suite 495
Commerce, California 90040
Tel.: (323) 477-1160
E-Mail: vanessa@azuredevelopmentco.com

With a copy to: Carlton Fields LLP
2029 Century Park East, Suite 1200
Los Angeles, California 90067-2913
Attn: Robert P. Friedman, Esq.
Telephone: (310) 843-6344
Email: RPFriedman@carltonfields.com

To the City: City of South Gate
Attn: City Manager
8650 California Avenue
South Gate, California 90280

15. Form of Payment. All payments by Guarantor to the City under this Guaranty shall be made in lawful money of the United States of America and without set-off, deduction, counterclaim, or withholding of any nature.

16. Binding Effect. Guarantor represents and agrees that this Guaranty: (i) shall be binding upon the Guarantor, and Guarantor's heirs, legal representatives, successors, and assigns, it being understood and agreed that in event of Guarantor's death, this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs; and (ii) shall inure to the benefit of and be enforceable by the City, and its successors, transferees, and assigns. Without limiting the generality of the foregoing, the City may assign or otherwise transfer the Note to any other person or entity, and such subsequent holder of the Note shall thereupon become vested with all the powers and rights in respect thereof granted to the City in this Guaranty or otherwise.

17. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California (without regard to the principles of conflicts of law).

18. Severability. If any provision of this Guaranty should, for any reason, be held to be illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other provision of this Guaranty, but this Guaranty shall be construed as if such illegal, invalid, or unenforceable provision had never been contained in this Guaranty.

19. Duplicate Originals. Two or more duplicable originals of this Guaranty may be signed by Guarantor, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

20. Titles and Captions. The titles and captions in this Guaranty are for convenience of reference only and shall not affect the construction or interpretation of this Guaranty.

21. Entire Agreement. This Guaranty contains the entire agreement of the City and Guarantor with respect to its subject matter, and supersedes all prior proposals, negotiations, agreements, and understandings relating to its subject matter.

22. Waiver of Jury Trial. TO THE FULLEST EXTENT ALLOWED BY LAW, GUARANTOR AND THE CITY EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE LOAN MADE PURSUANT TO THE LOAN AGREEMENT THAT IS TRIABLE OF RIGHT BY JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, INTENTIONALLY, KNOWINGLY, AND VOLUNTARILY.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of the date first above written.

VANESSA DELGADO

GUARANTY AGREEMENT
(Azure Community Development)

THIS GUARANTY AGREEMENT (this "Guaranty") dated as of _____, 2023, by **AZURE COMMUNITY DEVELOPMENT**, a California nonprofit public benefit corporation with its principal offices at 6055 E. Washington Boulevard, Suite 495, Commerce, California 90040 ("Guarantor") to and for the benefit of **CITY OF SOUTH GATE**, a municipal corporation with its principal office at 8650 California Avenue, South Gate, California 90280 (the "City").

In order to induce the City to enter into, and to disburse funds pursuant to, a HOME Program Predevelopment Loan Agreement of even date herewith between the City and South Gate Townhomes, LLC, a California limited liability company ("Borrower") (such loan agreement, as may be amended, modified, and supplemented from time to time, being called the "Loan Agreement" and all capitalized terms used and not otherwise defined in this Guaranty having the meanings given to them in the Loan Agreement), Guarantor covenants and agrees with the City as follows:

1. Guaranty. Guarantor unconditionally and irrevocably guarantees the full and punctual payment when due, whether at its stated maturity, by acceleration or otherwise, of the amounts due and owing under the Note and all other indebtedness, obligations and liabilities of Borrower under or in connection with the Loan Agreement, whether for principal, interest, fees, expenses or otherwise, including without limitation any and all reasonable expenses (including without limitation attorneys' fees) which may be paid or incurred by the City in collecting any or all of the foregoing and enforcing any rights under this Guaranty (all such indebtedness, obligations and liabilities being called the "Obligations").

2. Obligations Paid in Accordance with the Loan Agreement. Guarantor guarantees that the Obligations shall be paid strictly in accordance with the terms and provisions of the Loan Agreement, regardless of any law, regulation or decree now or hereafter in effect in any jurisdiction which might in any manner affect any of such terms or provisions or the rights of the City with respect thereto, or which might cause or permit to be invoked any alteration in the time, amount or manner of payment by Borrower of any of the Obligations. Guarantor agrees that, upon demand, Guarantor shall reimburse the City, to the extent that such reimbursement is not made by or on behalf of Borrower when due pursuant to the terms of the Loan Documents, for the amounts outstanding with respect to the Obligations, as more particularly set forth in this Guaranty. Guarantor further agrees that, if Borrower defaults under the Loan Agreement beyond all applicable notice, grace and cure periods and the City is prevented from accelerating or collecting payment of the Obligations, because of any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower or any other reason, the City shall be entitled to receive from Guarantor, upon demand, the sums that would have been due and payable with respect to the Obligations if such acceleration had occurred and the City had been permitted to collect such sums from Borrower.

3. Enforcement of Guaranty. The City, in its sole discretion, may proceed to exercise any right or remedy which the City may have under this Guaranty without pursuing or exhausting any right or remedy which it may now or hereafter have against Borrower or any other person or entity or which it may now or hereafter have with respect to any and all rights or interests in any guaranty now or hereafter granted to it under the terms of the Loan Agreement for any or all of the Obligations (such other guaranty being called the "Collateral"); and the City may proceed to exercise any right or remedy which it may have under this Guaranty without regard to any actions or omissions of Borrower or any other person. Guarantor agrees that, if the City now or hereafter holds any other guaranty applicable to any of the Obligations, the liability of Guarantor under this Guaranty shall be joint and several with each party obligated on such other guaranty.

4. Guaranty Absolute. The obligations of Guarantor under this Guaranty shall be absolute, unconditional, and irrevocable, regardless of:

(a) the validity, legality or enforceability of the Loan Agreement or any part of the Loan Agreement;

(b) the existence, value, or condition of any or all of the Collateral for any or all of the Obligations;

(c) any limitation of liability of Borrower contained in the Loan Agreement;

(d) any impossibility or illegality of performance on the part of Borrower of the Obligations;

(e) any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(f) any stay, disaffirmance, or other action, or any discharge of the Obligations, in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(g) any law, regulation, or decree applicable in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower that permits the Obligations to be collected from Borrower or to accrue with respect to Borrower;

(h) any defense based on a failure by the City to file or enforce a claim against Borrower or the estate of Borrower in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(i) any defense based on the incapacity or lack of authority of Borrower or Guarantor; or

(j) any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being agreed that the obligations of Guarantor under this Guaranty shall not be discharged except as provided in this Guaranty.

5. Guaranty Not Affected. Without limiting the generality of Section 4 above, Guarantor consents and agrees that, at any time and from time to time:

(a) the time, manner, place, or terms of payment of all or any of the Obligations may be extended or changed;

(b) any or all of the Collateral for any or all of the Obligations may be exchanged, released, surrendered or otherwise disposed of;

(c) any action may be taken under or in respect of the Loan Agreement or any part of Loan Agreement, in the exercise of any remedy, power or privilege contained in the Loan Agreement (including, without limitation, the acceleration of the maturity of the Note) or otherwise with respect thereto, or such remedy, power or privilege may be waived, omitted, or not enforced;

(d) the time for Borrower's or any other person's performance of or compliance with any term, covenant or agreement on its part to be performed or observed under the Loan Agreement or any part thereof may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to;

(e) the Loan Agreement, or any part or any terms of the Loan Agreement, may be amended or modified in any respect (including, without limitation, with respect to interest on the Note); and

(f) the liability of Borrower to pay any and all of the Obligations may be settled or compromised, and payment of any and all of the Obligations may be subordinated to the prior payment of any other debts or claims of Borrower; provided, however, that, subject to the limitations of Section 8 below, nothing contained in this paragraph (f) shall affect any right to subrogation which Guarantor may have with respect to Borrower.

All of the foregoing may be accomplished in such manner and upon such terms as the City may deem proper, and without notice to or further assent from Guarantor (unless otherwise required pursuant to the Loan Documents), with or without consideration, and all without affecting this Guaranty or the obligations of Guarantor under this Guaranty, which shall continue in full force and effect until all of the Obligations and all obligations of Guarantor under this Guaranty shall have been fully paid and performed.

6. Waiver. Guarantor waives notice of acceptance of this Guaranty, presentment, demand, protest, notice of the disbursement of funds to Borrower from time to time under the Loan Agreement, notice of the occurrence of an Event of Default, and any other notice of any kind whatsoever, with respect to any or all of the Obligations, and promptness in making any claim or demand under this Guaranty, but no act or omission of any kind whatsoever shall in any way affect

or impair this Guaranty. This is a guaranty of payment and not of collection, and Guarantor further waives any right to require that any action be brought against Borrower or any other person or to require that resort be had to any security of Borrower or any other person. Guarantor further agrees as follows:

6.1 Guarantor waives any and all legal requirements that the City shall institute any action or proceedings at law or in equity against Borrower or anyone else with respect to the breach of the Obligations as a condition precedent to bringing an action against Guarantor pursuant to this Guaranty.

6.2 Guarantor waives all right to require the City to proceed against Borrower or any other person, firm or corporation or to pursue any judicial, nonjudicial and/or provisional remedy. The City may proceed against Guarantor with respect to the Obligations without taking any action against Borrower or any other person, firm or corporation and without proceeding against or applying any security the City holds.

6.3 Until the Obligations have been fully satisfied, Guarantor shall not have any right of subrogation. Guarantor waives any benefit of and any right to participate in the Collateral held by the City for the performance of the Obligations. Guarantor authorizes and empowers the City to exercise any right or remedy which the City may have.

6.4 Upon the occurrence of an Event of Default, the City may maintain an action upon this Guaranty whether or not action is brought against Borrower and whether or not Borrower is joined in any such action.

6.5 Guarantor expressly waives any and all benefits, rights and/or defenses which might otherwise be available to Guarantor under California Civil Code sections 2787 to 2855, inclusive, and 2899, 2953 and 3433.

6.6 Any action taken by the City against Borrower or against the Collateral held by the City which shall impair or destroy any rights Guarantor may have against Borrower shall not act as a waiver or an estoppel of the City's rights to proceed against and initiate any action against Guarantor to enforce the terms of this Guaranty and until the Obligations have been fully satisfied.

6.7 Guarantor acknowledges that Guarantor has been made aware of the provisions of California Civil Code section 2856, has read and understand the provisions of that statute, have been advised by its counsel as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, Guarantor agrees to waive all suretyship rights and defenses described in Civil Code sections 2856(a)-(d). Without limiting any other waivers in this Guaranty, Guarantor gives the following waiver pursuant to Section 2856(d) of the California Civil Code:

Guarantor waives all rights and defenses arising out of an election of remedies by the City, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise.

6.8 Guarantor acknowledges that Guarantor has relied on the advice of its own counsel in making this Guaranty and has reviewed the waivers of rights contained in this Guaranty with Guarantor's counsel. Guarantor further acknowledges that Guarantor understands and accepts as a necessary part of this Guaranty the waivers of rights set forth above, after reviewing the extent and effect of the waivers in this Guaranty with Guarantor's counsel.

7. Reinstatement; Continuing Guaranty. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the City upon any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower, or otherwise, all as though such payment had not been made. Guarantor agrees that this is a continuing guaranty and shall remain in full force and effect until payment in full of the Obligations and any and all expenses which might be incurred by the City in collecting any or all of the Obligations or in enforcing any rights under this Guaranty.

8. Subrogation. Guarantor shall not exercise any rights which Guarantor may have acquired by way of subrogation, by any payment made under this guaranty or otherwise, unless and until all of the Obligations shall have been paid in full, and if any payment shall be made to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, each and every amount so paid shall forthwith be paid to the City to be credited and applied upon any of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Agreement. Guarantor understands and agrees that any rights of subrogation which it may have are only those which exist by operation of law or by separate agreement between Guarantor and Borrower.

9. Financial and Other Information. So long as this Guaranty continues in effect, Guarantor covenants and agrees that, unless the City otherwise consents in writing, Guarantor shall furnish such additional financial statements and other information and reports concerning the financial condition of Guarantor, as the City may from time to time reasonably request.

10. Representations and Warranties. Guarantor represents and warrants as follows:

(a) Guarantor is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California and has paid all taxes and filed all reports, if any, necessary to maintain its status and good standing as a California nonprofit public benefit corporation and tax-exempt public charity under Sections 170(b)(1)(A)(vi) and 501(c)(3) of the United States Internal Revenue Code. No proceeding or action is pending or, to the best of Guarantor's knowledge, threatened, against Guarantor which could affect its status and

good standing as a California corporation. Guarantor has the corporate power and authority to execute and deliver and to perform all of its obligations under this Guaranty.

(b) The execution, delivery and performance of this Guaranty does not and will not (i) require any additional consent or approval, (ii) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Guarantor, or (iii) result in a breach of or constitute a default under Guarantor's articles of incorporation or bylaws, any indenture or loan or credit agreement or any other agreement, lease or instrument to which Guarantor is a party or by which Guarantor or its properties may be bound or affected; and Guarantor is not in default under any law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, lease or instrument, which default may affect or might be considered to affect Guarantor's right to guaranty indebtedness or Guarantor's obligations set forth in this Guaranty.

(c) No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution, delivery or performance by the Guarantor of this Guaranty which has not been obtained or will not have been obtained on or prior to the Closing Date.

(d) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other law and equity principles applied for the relief of debtors generally.

(e) No actions, suits or proceedings are pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to Guarantor, would have a material adverse effect on the financial condition, properties, or operations of Guarantor taken as a whole.

(f) Guarantor is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any corporate restriction which would qualify or restrict the right of Guarantor to execute and deliver or to carry out its obligations under this Guaranty

(g) Guarantor has filed all tax returns (federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or provided adequate reserves for payment thereof.

(h) The most recent financial statements of Guarantor, copies of which have been furnished to the City, fairly present the financial condition of Guarantor as at such date, and since such date, there has been no material adverse change in such condition.

(i) Guarantor has examined the Loan Agreement or has had the opportunity to examine the Loan Agreement but has waived the right to examine the Loan Agreement.

(j) Guarantor is the sole member of Borrower and will benefit directly from the disbursement of funds by the City to Borrower under the Loan Agreement

11. Additional Covenant. So long as this Guaranty continues in effect, Guarantor covenants and agrees that, unless the City otherwise consents in writing, Guarantor shall not dissolve, consolidate with, or merge into any corporation or other organization, or acquire all or substantially all of the assets or properties of any corporation or other organization, or sell, lease, transfer, or otherwise dispose of all or substantially all of its assets or properties.

12. Guarantor's Acknowledgment. Guarantor acknowledges that the City has no duty to inform Guarantor at any time as to any facts concerning Borrower and that Guarantor is fully responsible for being and remaining informed by Borrower of all circumstances bearing on the status of Borrower of the existence or creation or the risk of nonpayment of the Obligations. The City may grant or continue credit, and may make disbursements of funds, to Borrower, regardless of the financial or other condition of Borrower, and prior or subsequent to any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower. Guarantor further acknowledges that no representations or warranties of any kind have been made by the City to Guarantor.

13. No Waiver; Amendments. No failure or delay on the part of the City in exercising any right, power or remedy under this Guaranty shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this Guaranty. No amendment, modification, termination, or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the City and, in the case of an amendment or modification, by Guarantor, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances.

14. Cumulative Remedies. Each right, power, and remedy of the City under this Guaranty shall be cumulative and in addition to any other right, remedy, or power not specifically granted in this Guaranty or now or hereafter existing in equity, at law, by virtue of statute or otherwise, and may be exercised by the City from time to time concurrently or independently and as often and in such order as the City may deem expedient.

15. Notices. All notices, requests, demands and other communications provided for under this Guaranty shall be in writing (or by e-mail, or similar electronic transmission confirmed in writing) and shall be deemed to have been duly given or made (i) when delivered by hand, or (ii) when delivered by recognized overnight delivery service, or (iii) if given by mail, three (3) business days after deposit with the United States Postal Service by certified mail, return receipt requested, sufficient postage prepaid, or (iv) if given by e-mail, or similar electronic transmission,

when sent and receipt has been confirmed, addressed as stated below, or to such other address as the addressee may have specified in a notice duly given to the other addressees.

To Guarantor: Azure Community Development
Attn: Vanessa Delgado, President
6055 E. Washington Boulevard, Suite 495
Commerce, California 90040
Tel.: (323) 477-1160
E-Mail: vanessa@azuredevelopmentco.com

With a copy to: Carlton Fields LLP
2029 Century Park East, Suite 1200
Los Angeles, California 90067-2913
Attn: Robert P. Friedman, Esq.
Telephone: (310) 843-6344
Email: RPFriedman@carltonfields.com

To the City: City of South Gate
Attn: City Manager
8650 California Avenue
South Gate, California 90280

16. Form of Payment. All payments by Guarantor to the City under this Guaranty shall be made in lawful money of the United States of America and without set-off, deduction, counterclaim, or withholding of any nature.

17. Binding Effect. Guarantor represents and agrees that this Guaranty: (i) shall be binding upon the Guarantor, and Guarantor's heirs, legal representatives, successors, and assigns, it being understood and agreed that in event of Guarantor's death, this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs; and (ii) shall inure to the benefit of and be enforceable by the City, and its successors, transferees, and assigns. Without limiting the generality of the foregoing, the City may assign or otherwise transfer the Note to any other person or entity, and such subsequent holder of the Note shall thereupon become vested with all the powers and rights in respect thereof granted to the City in this Guaranty or otherwise.

18. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California (without regard to the principles of conflicts of law).

19. Severability. If any provision of this Guaranty should, for any reason, be held to be illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other provision of this Guaranty, but this Guaranty shall be construed as if such illegal, invalid, or unenforceable provision had never been contained in this Guaranty.

20. Duplicate Originals. Two or more duplicable originals of this Guaranty may be signed by Guarantor, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

21. Titles and Captions. The titles and captions in this Guaranty are for convenience of reference only and shall not affect the construction or interpretation of this Guaranty.

22. Entire Agreement. This Guaranty contains the entire agreement of the City and Guarantor with respect to its subject matter, and supersedes all prior proposals, negotiations, agreements, and understandings relating to its subject matter.

23. Waiver of Jury Trial. TO THE FULLEST EXTENT ALLOWED BY LAW, GUARANTOR AND THE CITY EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE LOAN MADE PURSUANT TO THE LOAN AGREEMENT THAT IS TRIABLE OF RIGHT BY JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, INTENTIONALLY, KNOWINGLY, AND VOLUNTARILY.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of the date first above written.

AZURE COMMUNITY DEVELOPMENT,
a California nonprofit public benefit corporation

By: _____
Vanessa Delgado
President

GUARANTY AGREEMENT
(Azure Development, Inc.)

THIS GUARANTY AGREEMENT (this "Guaranty") dated as of _____, 2023, by **AZURE DEVELOPMENT, INC.**, a California corporation with its principal offices at 6055 E. Washington Boulevard, Suite 495, Commerce, California 90040 ("Guarantor") to and for the benefit of **CITY OF SOUTH GATE**, a municipal corporation with its principal office at 8650 California Avenue, South Gate, California 90280 (the "City").

In order to induce the City to enter into, and to disburse funds pursuant to, a HOME Program Predevelopment Loan Agreement of even date herewith between the City and South Gate Townhomes, LLC, a California limited liability company ("Borrower") (such loan agreement, as may be amended, modified, and supplemented from time to time, being called the "Loan Agreement" and all capitalized terms used and not otherwise defined in this Guaranty having the meanings given to them in the Loan Agreement), Guarantor covenants and agrees with the City as follows:

1. Guaranty. Guarantor unconditionally and irrevocably guarantees the full and punctual payment when due, whether at its stated maturity, by acceleration or otherwise, of the amounts due and owing under the Note and all other indebtedness, obligations and liabilities of Borrower under or in connection with the Loan Agreement, whether for principal, interest, fees, expenses or otherwise, including without limitation any and all reasonable expenses (including without limitation attorneys' fees) which may be paid or incurred by the City in collecting any or all of the foregoing and enforcing any rights under this Guaranty (all such indebtedness, obligations and liabilities being called the "Obligations").

2. Obligations Paid in Accordance with the Loan Agreement. Guarantor guarantees that the Obligations shall be paid strictly in accordance with the terms and provisions of the Loan Agreement, regardless of any law, regulation or decree now or hereafter in effect in any jurisdiction which might in any manner affect any of such terms or provisions or the rights of the City with respect thereto, or which might cause or permit to be invoked any alteration in the time, amount or manner of payment by Borrower of any of the Obligations. Guarantor agrees that, upon demand, Guarantor shall reimburse the City, to the extent that such reimbursement is not made by or on behalf of Borrower when due pursuant to the terms of the Loan Documents, for the amounts outstanding with respect to the Obligations, as more particularly set forth in this Guaranty. Guarantor further agrees that, if Borrower defaults under the Loan Agreement beyond all applicable notice, grace and cure periods and the City is prevented from accelerating or collecting payment of the Obligations, because of any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower or any other reason, the City shall be entitled to receive from Guarantor, upon demand, the sums that would have been due and payable with respect to the Obligations if such acceleration had occurred and the City had been permitted to collect such sums from Borrower.

3. Enforcement of Guaranty. The City, in its sole discretion, may proceed to exercise any right or remedy which the City may have under this Guaranty without pursuing or exhausting

any right or remedy which it may now or hereafter have against Borrower or any other person or entity or which it may now or hereafter have with respect to any and all rights or interests in any guaranty now or hereafter granted to it under the terms of the Loan Agreement for any or all of the Obligations (such other guaranty being called the "Collateral"); and the City may proceed to exercise any right or remedy which it may have under this Guaranty without regard to any actions or omissions of Borrower or any other person. Guarantor agrees that, if the City now or hereafter holds any other guaranty applicable to any of the Obligations, the liability of Guarantor under this Guaranty shall be joint and several with each party obligated on such other guaranty.

4. Guaranty Absolute. The obligations of Guarantor under this Guaranty shall be absolute, unconditional, and irrevocable, regardless of:

(a) the validity, legality or enforceability of the Loan Agreement or any part of the Loan Agreement;

(b) the existence, value, or condition of any or all of the Collateral for any or all of the Obligations;

(c) any limitation of liability of Borrower contained in the Loan Agreement;

(d) any impossibility or illegality of performance on the part of Borrower of the Obligations;

(e) any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(f) any stay, disaffirmance, or other action, or any discharge of the Obligations, in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(g) any law, regulation, or decree applicable in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower that permits the Obligations to be collected from Borrower or to accrue with respect to Borrower;

(h) any defense based on a failure by the City to file or enforce a claim against Borrower or the estate of Borrower in any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower;

(i) any defense based on the incapacity or lack of authority of Borrower or Guarantor; or

(j) any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being agreed that the obligations of Guarantor under this Guaranty shall not be discharged except as provided in this Guaranty.

5. Guaranty Not Affected. Without limiting the generality of Section 4 above, Guarantor consents and agrees that, at any time and from time to time:

(a) the time, manner, place, or terms of payment of all or any of the Obligations may be extended or changed;

(b) any or all of the Collateral for any or all of the Obligations may be exchanged, released, surrendered or otherwise disposed of;

(c) any action may be taken under or in respect of the Loan Agreement or any part of Loan Agreement, in the exercise of any remedy, power or privilege contained in the Loan Agreement (including, without limitation, the acceleration of the maturity of the Note) or otherwise with respect thereto, or such remedy, power or privilege may be waived, omitted, or not enforced;

(d) the time for Borrower's or any other person's performance of or compliance with any term, covenant or agreement on its part to be performed or observed under the Loan Agreement or any part thereof may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to;

(e) the Loan Agreement, or any part or any terms of the Loan Agreement, may be amended or modified in any respect (including, without limitation, with respect to interest on the Note); and

(f) the liability of Borrower to pay any and all of the Obligations may be settled or compromised, and payment of any and all of the Obligations may be subordinated to the prior payment of any other debts or claims of Borrower; provided, however, that, subject to the limitations of Section 8 below, nothing contained in this paragraph (f) shall affect any right to subrogation which Guarantor may have with respect to Borrower.

All of the foregoing may be accomplished in such manner and upon such terms as the City may deem proper, and without notice to or further assent from Guarantor (unless otherwise required pursuant to the Loan Documents), with or without consideration, and all without affecting this Guaranty or the obligations of Guarantor under this Guaranty, which shall continue in full force and effect until all of the Obligations and all obligations of Guarantor under this Guaranty shall have been fully paid and performed.

6. Waiver. Guarantor waives notice of acceptance of this Guaranty, presentment, demand, protest, notice of the disbursement of funds to Borrower from time to time under the Loan Agreement, notice of the occurrence of an Event of Default, and any other notice of any kind whatsoever, with respect to any or all of the Obligations, and promptness in making any claim or demand under this Guaranty, but no act or omission of any kind whatsoever shall in any way affect or impair this Guaranty. This is a guaranty of payment and not of collection, and Guarantor further waives any right to require that any action be brought against Borrower or any other person or to require that resort be had to any security of Borrower or any other person. Guarantor further agrees as follows:

6.1 Guarantor waives any and all legal requirements that the City shall institute any action or proceedings at law or in equity against Borrower or anyone else with respect to the breach of the Obligations as a condition precedent to bringing an action against Guarantor pursuant to this Guaranty.

6.2 Guarantor waives all right to require the City to proceed against Borrower or any other person, firm or corporation or to pursue any judicial, nonjudicial and/or provisional remedy. The City may proceed against Guarantor with respect to the Obligations without taking any action against Borrower or any other person, firm or corporation and without proceeding against or applying any security the City holds.

6.3 Until the Obligations have been fully satisfied, Guarantor shall not have any right of subrogation. Guarantor waives any benefit of and any right to participate in the Collateral held by the City for the performance of the Obligations. Guarantor authorizes and empowers the City to exercise any right or remedy which the City may have.

6.4 Upon the occurrence of an Event of Default, the City may maintain an action upon this Guaranty whether or not action is brought against Borrower and whether or not Borrower is joined in any such action.

6.5 Guarantor expressly waives any and all benefits, rights and/or defenses which might otherwise be available to Guarantor under California Civil Code sections 2787 to 2855, inclusive, and 2899, 2953 and 3433.

6.6 Any action taken by the City against Borrower or against the Collateral held by the City which shall impair or destroy any rights Guarantor may have against Borrower shall not act as a waiver or an estoppel of the City's rights to proceed against and initiate any action against Guarantor to enforce the terms of this Guaranty and until the Obligations have been fully satisfied.

6.7 Guarantor acknowledges that Guarantor has been made aware of the provisions of California Civil Code section 2856, has read and understand the provisions of that statute, have been advised by its counsel as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, Guarantor agrees to waive all suretyship rights and defenses described in Civil Code sections 2856(a)-(d). Without limiting any other waivers in this Guaranty, Guarantor gives the following waiver pursuant to Section 2856(d) of the California Civil Code:

Guarantor waives all rights and defenses arising out of an election of remedies by the City, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise.

6.8 Guarantor acknowledges that Guarantor has relied on the advice of its own counsel in making this Guaranty and has reviewed the waivers of rights contained in this Guaranty

with Guarantor's counsel. Guarantor further acknowledges that Guarantor understands and accepts as a necessary part of this Guaranty the waivers of rights set forth above, after reviewing the extent and effect of the waivers in this Guaranty with Guarantor's counsel.

7. Reinstatement; Continuing Guaranty. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the City upon any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower, or otherwise, all as though such payment had not been made. Guarantor agrees that this is a continuing guaranty and shall remain in full force and effect until payment in full of the Obligations and any and all expenses which might be incurred by the City in collecting any or all of the Obligations or in enforcing any rights under this Guaranty.

8. Subrogation. Guarantor shall not exercise any rights which Guarantor may have acquired by way of subrogation, by any payment made under this guaranty or otherwise, unless and until all of the Obligations shall have been paid in full, and if any payment shall be made to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, each and every amount so paid shall forthwith be paid to the City to be credited and applied upon any of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Agreement. Guarantor understands and agrees that any rights of subrogation which it may have are only those which exist by operation of law or by separate agreement between Guarantor and Borrower.

9. Financial and Other Information. So long as this Guaranty continues in effect, Guarantor covenants and agrees that, unless the City otherwise consents in writing, Guarantor shall furnish such additional financial statements and other information and reports concerning the financial condition of Guarantor, as the City may from time to time reasonably request.

10. Representations and Warranties. Guarantor represents and warrants as follows:

(a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has paid all taxes and filed all reports, if any, necessary to maintain its status and good standing as a California corporation. No proceeding or action is pending or, to the best of Guarantor's knowledge, threatened, against Guarantor which could affect its status and good standing as a California corporation. Guarantor has the corporate power and authority to execute and deliver and to perform all of its obligations under this Guaranty.

(b) The execution, delivery and performance of this Guaranty does not and will not (i) require any additional consent or approval, (ii) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Guarantor, or (iii) result in a breach of or constitute a default under Guarantor's articles of incorporation or bylaws, any indenture or loan or credit agreement or any other agreement, lease or instrument to which Guarantor is a party or by which Guarantor or its properties may be bound or affected; and Guarantor is not in default under any law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement,

lease or instrument, which default may affect or might be considered to affect Guarantor's right to guaranty indebtedness or Guarantor's obligations set forth in this Guaranty.

(c) No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution, delivery or performance by the Guarantor of this Guaranty which has not been obtained or will not have been obtained on or prior to the Closing Date.

(d) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other law and equity principles applied for the relief of debtors generally.

(e) No actions, suits or proceedings are pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, if determined adversely to Guarantor, would have a material adverse effect on the financial condition, properties, or operations of Guarantor taken as a whole.

(f) Guarantor is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any corporate restriction which would qualify or restrict the right of Guarantor to execute and deliver or to carry out its obligations under this Guaranty

(g) Guarantor has filed all tax returns (federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or provided adequate reserves for payment thereof.

(h) The most recent financial statements of Guarantor, copies of which have been furnished to the City, fairly present the financial condition of Guarantor as at such date, and since such date, there has been no material adverse change in such condition.

(i) Guarantor has examined the Loan Agreement or has had the opportunity to examine the Loan Agreement but has waived the right to examine the Loan Agreement.

(j) Guarantor is an affiliate of Borrower and will benefit directly from the disbursement of funds by the City to Borrower under the Loan Agreement

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responsible for being and remaining informed by Borrower of all circumstances bearing on the status of Borrower of the existence or creation or the risk of nonpayment of the Obligations. The City may grant or continue credit, and may make disbursements of funds, to Borrower, regardless of the financial or other condition of Borrower, and prior or subsequent to any receivership, bankruptcy, insolvency, arrangement, or reorganization of Borrower. Guarantor further acknowledges that no representations or warranties of any kind have been made by the City to Guarantor.

13. No Waiver; Amendments. No failure or delay on the part of the City in exercising any right, power or remedy under this Guaranty shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this Guaranty. No amendment, modification, termination, or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the City and, in the case of an amendment or modification, by Guarantor, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances.

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15. Notices. All notices, requests, demands and other communications provided for under this Guaranty shall be in writing (or by e-mail, or similar electronic transmission confirmed in writing) and shall be deemed to have been duly given or made (i) when delivered by hand, or (ii) when delivered by recognized overnight delivery service, or (iii) if given by mail, three (3) business days after deposit with the United States Postal Service by certified mail, return receipt requested, sufficient postage prepaid, or (iv) if given by e-mail, or similar electronic transmission, when sent and receipt has been confirmed, addressed as stated below, or to such other address as the addressee may have specified in a notice duly given to the other addressees.

To Guarantor: Azure Development, Inc.
 Attn: Vanessa Delgado, President
 6055 E. Washington Boulevard, Suite 495
 Commerce, California 90040
 Tel.: (323) 477-1160
 E-Mail: vanessa@azuredevelopmentco.com

With a copy to: Carlton Fields LLP
 2029 Century Park East, Suite 1200
 Los Angeles, California 90067-2913
 Attn: Robert P. Friedman, Esq.
 Telephone: (310) 843-6344
 Email: RPFriedman@carltonfields.com

To the City: City of South Gate
 Attn: City Manager
 8650 California Avenue
 South Gate, California 90280

16. Form of Payment. All payments by Guarantor to the City under this Guaranty shall be made in lawful money of the United States of America and without set-off, deduction, counterclaim, or withholding of any nature.

17. Binding Effect. Guarantor represents and agrees that this Guaranty: (i) shall be binding upon the Guarantor, and Guarantor's heirs, legal representatives, successors, and assigns, it being understood and agreed that in event of Guarantor's death, this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs; and (ii) shall inure to the benefit of and be enforceable by the City, and its successors, transferees, and assigns. Without limiting the generality of the foregoing, the City may assign or otherwise transfer the Note to any other person or entity, and such subsequent holder of the Note shall thereupon become vested with all the powers and rights in respect thereof granted to the City in this Guaranty or otherwise.

18. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California (without regard to the principles of conflicts of law).

19. Severability. If any provision of this Guaranty should, for any reason, be held to be illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other provision of this Guaranty, but this Guaranty shall be construed as if such illegal, invalid, or unenforceable provision had never been contained in this Guaranty.

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21. Titles and Captions. The titles and captions in this Guaranty are for convenience of reference only and shall not affect the construction or interpretation of this Guaranty.

22. Entire Agreement. This Guaranty contains the entire agreement of the City and Guarantor with respect to its subject matter, and supersedes all prior proposals, negotiations, agreements, and understandings relating to its subject matter.

23. Waiver of Jury Trial. TO THE FULLEST EXTENT ALLOWED BY LAW, GUARANTOR AND THE CITY EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE LOAN MADE PURSUANT TO THE LOAN AGREEMENT THAT IS TRIABLE OF RIGHT BY JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, INTENTIONALLY, KNOWINGLY, AND VOLUNTARILY.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of the date first above written.

AZURE DEVELOPMENT, INC.,
a California corporation

By: _____
Vanessa Delgado
President

MINUTES FOR THE REGULAR MEETING OF THE SUCCESSOR AGENCY OF THE CITY OF SOUTH GATE

TUESDAY, DECEMBER 13, 2022

CALL TO ORDER The regular meeting of the Successor Agency of the City of South Gate was called to order by Chairperson Rios at 5:33 p.m.

ROLL CALL Yodit Glaze, Recording Secretary

PRESENT Chairperson Al Rios, Vice Chairperson Maria del Pilar Avalos, Agency Member Joshua Barron, Agency Member Maria Davila, and Agency Member Gil Hurtado; Executive Director Chris Jeffers, Authority Counsel Raul F. Salinas, and Secretary Meredith Elguira

1
REDEVELOPMENT
ROPS 23/2024 FY

The Successor Agency to the Community Development Commission unanimously approved items A & B by motion of Agency Member Davila and seconded by Vice Chairperson Avalos:

ROLL CALL: Agency Member Barron, yes; Agency Member Davila, yes; Agency Member Hurtado, yes; Vice Chairperson Avalos, yes; Chairperson Rios, yes

- a. Resolution No. 2022-03-SA approving: (1) the Recognized Obligation Payment Schedule for the 23-24 fiscal period of July 1, 2023 to June 30, 2024, including the Administrative Budget included therewith, and (2) the Sixth Amendment to the Agreement (Contract No. 8) for Professional Services with Tetra Tech, Inc. for Remediation Activities at 3500-3506 Tweedy Boulevard, subject to submittal to, and review by, the County of Los Angeles First District Oversight Board and then the State of California, Department of Finance, pursuant to the Dissolution Law, and authorizing transmittal and posting thereof.
- b. Authorized the Chairperson to execute the Sixth Amendment in a form acceptable to the Agency Counsel.

Kristopher Ryan, Director of Administrative Services gave an overview.

2
MINUTES

The Successor Agency to the Community Development Commission of the City of South Gate approved the Regular Meeting Minutes of June 14, 2022, by motion of Agency Member Hurtado and seconded by Vice Chairperson Avalos.

ROLL CALL: Agency Member Barron, abstain; Agency Member Davila, yes; Agency Member Hurtado, yes; Vice Chairperson Avalos, yes; Chairperson Rios, yes

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COMMENTS FROM THE
AUDIENCE - NON-AGENDA
ITEMS None

4
REPORTS AND COMMENTS
FROM CITY OFFICIALS None

ADJOURNMENT Vice Chairperson Avalos unanimously adjourned the meeting at 5:42 p.m.
and seconded by Agency Member Diaz.

PASSED and **APPROVED** this day of 2023.

ATTEST:

Maria del Pilar Avalos, Chairperson

Yodit Glaze, City Clerk

MEMORANDUM

TO: Chris Jeffers, Executive Director
FROM: Meredith Elguira, Director of Community Development
DATE: February 22, 2023



SUBJECT: CLOSED SESSION ITEM FOR THE SUCCESSOR AGENCY AND CITY COUNCIL MEETING OF FEBRUARY 28, 2023

The following item should be listed on the Closed Session Agenda for the Successor Agency and City Council Meeting of the City of South Gate on February 28, 2023, at 5:00 p.m.:

1. CONFERENCE WITH LEGAL COUNSEL – REAL PROPERTY NEGOTIATIONS

Pursuant to Government Code Section 54956.8

Property APN: 6202-010-900
Property Address: 7916 Long Beach Boulevard, South Gate, CA 90280
City Negotiator: Chris Jeffers, Executive Director
Negotiating with: Azure Community Development and Azure Development Inc.
Under Negotiation: City of South Gate and Azure Community Development and Azure Development Inc.

Should you have any questions, feel free to contact our office at 323-563-9529.