LIVERMORE
CALIFORNIA

CITY COUNCIL

AGENDA
MONDAY, MARCH 9, 2026

REGULAR MEETING – 7:00 PM

CLOSED SESSION - 6:30 PM

MEETING PARTICIPATION INFORMATION CAN BE FOUND AT THE END OF THE AGENDA

CIVIC CENTER MEETING HALL
CITY COUNCIL CHAMBER
1016 S. LIVERMORE AVENUE

CITY OF LIVERMORE YOUTUBE CHANNEL:
https://www.youtube.com/c/CityofLivermoreCalifornia

TV29:
Comcast TV Channel 29
tv29live.org

John P Marchand, Mayor
Kristie Wang, Vice Mayor
Ben Barrientos, Council Member
Evan Branning, Council Member
Steven Dunbar, Council Member

1. CLOSED SESSION - 6:30 PM

- Roll Call
- Opportunity for the Public to Address City Council Regarding Closed Session Items
- Adjourn to Closed Session

Note: This Closed Session my be continued to the end of the Regular Meeting.

1.1 Conference with Labor Negotiators. To meet with City representatives Tina Olson, Administrative Services Director, Kristen Hilton, Human Resources Manager, Marianna Burch, City Manager, Kim Cilley, City Attorney, and Shellie Anderson, Bryce Consulting, pursuant to Government Code Section 54957.6(a) regarding negotiations for salary and compensation for Confidential/Unrepresented Employees in the City Attorney's Office.

2. CALL TO ORDER

ROLL CALL

Council Member Ben Barrientos
Council Member Evan Branning
Council Member Steven Dunbar
Vice Mayor Kristie Wang
Mayor John Marchand

PLEDGE OF ALLEGIANCE

REPORT OF ACTION TAKEN IN CLOSED SESSION

3. PROCLAMATIONS AND PRESENTATIONS

4. ADVISORY BODY APPOINTMENTS - NONE

5. OPEN FORUM

- In conformance with the Brown Act, no City Council action can occur on items presented during Open Forum.
- To provide public comment in person, please submit a speaker card. When your name is called, walk to the lectern to address City Council.
- Comments are limited to a maximum of 3 minutes per person, per item. The Mayor may reduce the amount of time based on the number of persons wishing to speak.
- Open Forum will conclude after 30 minutes; however, if there are additional speakers, Open Forum will reconvene before the meeting adjourns.

6. CONSENT CALENDAR

Consent Calendar items are considered routine and are acted upon by the City Council with a single action. Members of the audience wishing to provide public input must submit a speaker card found at the entrance of the Council Chambers. A speaker is limited to a single comment with a maximum of three minutes for the entire Consent Calendar. If Consent Calendar items are pulled for discussion by the City Council, a speaker will be allowed one comment per item on the items pulled for discussion and a separate comment for the remaining Consent Calendar.

6.1 Adoption of an ordinance to levy a special tax within City of Livermore Community Facilities District No. 2026-1 (Garaventa Services) located north of Altamont Creek Elementary School along Bear Creek Drive.

Recommendation:
Staff recommends the City Council adopt an ordinance to levy special taxes within Community Facilities District No. 2026-1 (Garaventa Services).
Staff Report
Attachments:
1. Ordinance

6.2 Resolution authorizing the execution of a fourth amendment to the agreement with HMH Engineers for on-call engineering services, increasing the not-to-exceed contract amount from $3,200,000 to $4,700,000.

Recommendation:
Staff recommends the City Council adopt a resolution authorizing the City Manager to execute a fourth amendment to the engineering services agreement with HMH Engineers for additional on-call engineering design services, increasing the not-to-exceed agreement amount from $3,200,000 to $4,700,000.
Staff Report
Attachments:
1. Resolution
2. Exhibit A - Fourth Amendment to Agreement

6.3 Execution of an Affordable Housing Agreement with Livermore LT Ventures Group, LLC for a 44-unit subdivision located west of Laughlin Road and east of Vasco Road.

Recommendation:
Authorizing the City Manager, or her designee, to execute an Affordable For Sale Housing Agreement with Livermore LT Ventures Group, LLC for a 44-unit subdivision located west of Laughlin Road and east of Vasco Road (Vesting Tentative Tract Map 8094).
Staff Report
Attachments:
1. Resolution
2. Exhibit A - Agreement

6.4 Execution of an Affordable Housing Agreement and a Regulatory Agreement and Declaration of Covenants and Restrictions with Livermore Multifamily, LLC for the 210-unit, multifamily rental development, located approximately at the northeast corner of Portola Avenue and Collier Canyon Road (Vesting Tentative Tract Map 8613)

Recommendation:
Staff recommends that the City Council adopt a resolution authorizing the City Manager, or her designee, to execute an Affordable Housing Agreement and a Regulatory Agreement and Declaration of Covenants and Restrictions with Livermore Multifamily, LLC for the 210-unit, multifamily rental development located approximately at the northeast corner of Portola Avenue and Collier Canyon Road (Vesting Tentative Tract Map 8613).

Staff Report

Attachments:

1. Resolution
2. Exhibit A - Affordable Housing Agreement
3. Exhibit B - Regulatory Agreement and Declaration of Covenants and Restrictions

6.5 Resolution authorizing the execution of a purchase order with SHI International Corp. for a five-year renewal of Microsoft 365 Licenses under the Statewide Microsoft Enterprise License Agreement (ELA) in an amount not-to-exceed $1,587,000

Recommendation:

Staff recommends the City Council adopt a resolution authorizing a purchase order with SHI International Corp. for a five-year renewal of the City's Microsoft 365 licenses under the Statewide Microsoft Enterprise License Agreement (ELA), in an amount not-to-exceed $1,587,000 to ensure continuity of the City's daily operations and business functions.

Staff Report

Attachments:

1. SHI Quote
2. Resolution

6.6 Resolution authorizing an appropriation of $560,000 in FY24 Safe Streets and Roads for All grant funding from the Federal Highway Administration to the Engineering Operating Budget and authorizing execution of a first amendment to the professional services agreement with TJKM Transportation Consultants (TJKM), increasing the not-to-exceed amount from $200,000 to $360,000 and extending the termination date from June 30, 2026, to December 31, 2027.

Recommendation:

Staff recommends City Council adopt a resolution authorizing an appropriation of $560,000 in FY24 Safe Streets and Roads for All grant funding from the Federal Highway Administration to the Engineering Operating Budget and authorizing the City Manager to execute a first amendment to the professional service agreement with TJKM, increasing the not-to-exceed contract amount from $200,000 to $360,000 and extending the termination date from June 30, 2026, to December 31, 2027.

Staff Report

Attachments:

1. SS4A Grant Agreement
2. Resolution
3. Exhibit A - First Amendment

6.7 Resolution of Intent to Renew the Livermore Valley Wine Heritage District

Recommendation:

Staff recommends the City Council adopt a Resolution of Intent to Renew the Livermore Valley Wine Heritage District (District) for a five-year term beginning July 1, 2026. Adoption of this resolution would:

1. Initiate the renewal process for the District under the Property and Business

Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.); and

2. Set the date, time, and location for the subsequent public meeting and public hearing as required by the Property and Business Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.)

Staff Report

Attachments:

1. Resolution Establishing the District
2. Alameda County Resolution of Consent
3. Resolution of Intent to Renew
4. Exhibit A - Petition Analysis and Signed Petitions
5. Exhibit B - Management District Plan (Plan)
6. Exhibit C - Notice

7. PUBLIC HEARINGS

7.1 Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and resolution for the reissuance and amendment to bond documents for the financing of the 250-unit multifamily rental housing project known as Heritage Estates

Recommendation:

Staff recommends the City Council conduct a public hearing regarding the reissuance of Multifamily Housing Revenue Refunding Bonds by the City, as housing successor to the former Redevelopment Agency of the City of Livermore in a principal amount not-to-exceed $26,000,000 (Bonds) for the purpose of refinancing the acquisition and construction of the 250-unit multifamily rental housing project located at 850 and 900 East Stanley Boulevard and known as Heritage Estates. Staff recommends the City Council adopt a resolution approving the reissuance of the Bonds, the amendment of the documents relating to the Bonds, and other related agreements and actions.

Staff Report

Attachments:

1. Resolution
2. Exhibit A - First Supplemental Trust Indenture - Heritage Estates
3. Exhibit B - Heritage Estates - Subordination and Intercreditor Agreement (Bonds - $800k Loan)
4. Exhibit C - Heritage Estates - Subordination and Intercreditor Agreement (Swap - $800k Loan)

8. MATTERS FOR CONSIDERATION

9. COUNCIL COMMITTEE REPORTS AND MATTERS INITIATED BY CITY MANAGER, CITY ATTORNEY, AND COUNCIL MEMBERS

10. ADJOURNMENT

To a Regular City Council meeting on Monday, March 23, 2026 at 7:00 pm, Civic Center Meeting Hall, City Council Chamber, 1016 S. Livermore Avenue.

11. HOW TO PARTICIPATE IN YOUR CITY COUNCIL MEETING

You can participate in the meeting in a number of ways:

Open Forum is an opportunity for the public to speak regarding items not listed on the agenda. Speakers are limited to a maximum of 3 minutes per person. To address the City Council in person, you must submit a speaker card to the City Clerk prior to the start of that item. Please note that the City Council is prohibited by State law from taking action on any items that are not listed on the agenda. However, if your item requires action, the City Council may place it on a future agenda or direct staff to work with you and/or report to the City Council on the issue.

Public Hearings - The topic of the hearing is typically summarized by staff, followed by a presentation by the applicant, and questions from the City Council. The Mayor will then open the hearing to the public and offer an opportunity for public comments. Speakers are limited to a maximum of 3 minutes per person. To address the City Council in person, you must submit a speaker card to the City Clerk prior to the start of the presentation of the item.

Other Agenda Items are also open for public input including Advisory Body Appointments, Consent Calendar, or Matters for Consideration items. These comments are also subject to the 3-minute limit. Public comment is not accepted on Proclamations and Presentations.

Special Meetings, Workshops - The public will have the opportunity to address the City Council regarding the item that is the subject of the special meeting or workshop. Public comments are limited to a maximum of 3 minutes per person.

Platforms to Participate in Meetings:

Submission of Comments Prior to the Meeting:

Email Comments may be submitted by the public to the City Clerk's Office (cityclerk@LivermoreCA.gov). Items received no later than 12:00 pm on the day of the meeting will be provided to the City Council and available on the City website prior to the meeting. These items will NOT be read into the record.

eComments may be submitted by the public using the eComment link here. Comments may be up to 1000 characters in length and will be accepted up until 4:00 pm the day of the meeting. These items will NOT be read into the record and are viewable by the City Council and the public upon submittal.

Submission of Comments During the Meeting:

Speakers are limited to a maximum of 3 minutes per person. To submit a comment you must complete a speaker card for each item. Speaker cards are available in the Civic Center Meeting Hall lobby. Indicate on the card the item number you wish to comment on and submit the card directly to the City Clerk prior to the start of the item. Please note that the City Council is prohibited by State law from taking action on any items that are not listed on the agenda. However, if your item requires action, the City Council may place it on a future agenda or direct staff to work with you and/or report to the City Council on the issue.

The City will be using YouTube and TV29 as two tools to provide the public access to view

City Council meetings. No public comment will be accepted via YouTube.

TV29: tv29live.org Comcast Cable 29

YouTube: http://youtube.com/c/CityofLivermoreCalifornia

If you would like to deliver written materials to the City Council as part of your public comment, please provide 10 copies to the City Clerk with your speaker card.

The **City Council Agenda and Agenda Reports** are prepared by City staff and are available for public review on Tuesday evening, six days prior to the City Council meeting in the Civic Center Library, 1188 South Livermore Avenue, Livermore, and at the City Clerk's Office, 1052 South Livermore Avenue, Livermore. The Agenda is also available on the City's website, http://LivermoreCA.gov/agenda.

Under Government Code §54957.5, any **supplemental material** distributed to the members of the City Council after the posting of this agenda will be available for public review in the City Clerk's Office, 1052 South Livermore Avenue, Livermore, and included in the agenda packet available on the City's web site at http://LivermoreCA.gov/agenda.

PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT (CODIFIED AT 42 UNITED STATES CODE SECTION 12101 AND 28 CODE OF FEDERAL REGULATIONS PART 35), AND SECTION 504 OF THE REHABILITATION ACT OF 1973, THE CITY OF LIVERMORE DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, RELIGION, NATIONAL ORIGIN, ANCESTRY, SEX, DISABILITY, AGE OR SEXUAL ORIENTATION IN THE PROVISION OF ANY SERVICES, PROGRAMS, OR ACTIVITIES. TO ARRANGE AN ACCOMMODATION IN ORDER TO PARTICIPATE IN THIS PUBLIC MEETING, PLEASE CONTACT THE ADA COORDINATOR AT ADACOORDINATOR@LIVERMORECA.GOV OR CALL (925) 960-4170 (VOICE) OR (925) 960- 4104 (TDD) AT LEAST THREE (3) BUSINESS DAYS IN ADVANCE OF THE MEETING.

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.1**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Adoption of an ordinance to levy a special tax within City of Livermore Community Facilities District No. 2026-1 (Garaventa Services) located north of Altamont Creek Elementary School along Bear Creek Drive.

RECOMMENDED ACTION

Staff recommends the City Council adopt an ordinance to levy special taxes within Community Facilities District No. 2026-1 (Garaventa Services).

DECISION TYPE

Administrative

SUMMARY

DISCUSSION

ATTACHMENTS

1. Ordinance

Prepared by: Jarrett Rasmussen
Associate Civil Engineer

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

AN ORDINANCE LEVYING A SPECIAL TAX WITHIN CITY OF LIVERMORE COMMUNITY FACILITIES DISTRICT NO. 2026-1 (GARAVENTA SERVICES)

Under the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), the City Council (the "Council") of the City of Livermore (the "City") is authorized to establish a community facilities district and to act as its legislative body.

On January 12, 2026, this City Council (the "Council") adopted a resolution entitled "A Resolution of Intention to Establish City of Livermore Community Facilities District No. 2026-1 (Garaventa Services)" (the "Resolution of Intention"), and has conducted proceedings (the "Proceedings") to establish "City of Livermore Community Facilities District No. 2026-1 (Garaventa Services)" (the "CFD") pursuant to the Act to finance certain municipal services (the "Services") as provided in the Act.

Pursuant to notice as specified in the Act, and as part of the Proceedings, the Council has held a public hearing under the Act relative to the determination to proceed with the formation of the CFD and a rate and method of apportionment of the special tax (the "Special Tax") to be levied within the CFD to finance the Services, and at such hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the levy of the Special Tax were heard, substantial evidence was presented and considered by this Council and a full and fair hearing was held.

Upon the conclusion of the hearing, this Council adopted its "A Resolution of Formation of City of Livermore Community Facilities District No. 2026-1 (Garaventa Services)" (the "Resolution of Formation"), pursuant to which it completed the Proceedings for the establishment of the CFD, the authorization of the levy of the Special Tax within the CFD, and the calling of an election within the CFD on the propositions of levying the Special Tax and establishing an appropriations limit within the CFD.

On February 23, 2026, a special election was held among the landowner voters within the CFD at which such voters approved such propositions by the two-thirds vote required by the Act, which approval has been confirmed by resolution of this Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LIVERMORE DOES ORDAIN AS FOLLOWS:

Section 1. *Authorization and Levy of the Special Tax*. By the passage of this Ordinance, the Council hereby authorizes and levies the Special Tax within the CFD pursuant to the Act, at the rate and in accordance with the rate and method of apportionment of Special Tax set forth in the Resolution of Formation, as it may be amended and supplemented from time to time, which rate and method is by this reference

incorporated herein. The Special Tax is hereby levied commencing in fiscal year 2026-27 and in each fiscal year thereafter to pay for the Services for the CFD, as contemplated by the Resolution of Formation and the Proceedings, and all costs of administering the CFD.

Section 2. *Direction to Determine Special Tax*. The City Manager or their designee, or an employee or consultant of the City, is hereby authorized and directed each fiscal year to determine the specific Special Tax to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Resolution of Formation.

Section 3. *Exemptions; Maximum Special Tax*. Exemptions from the levy of the Special Tax shall be as provided in the Resolution of Formation and the applicable provisions of the Act. In no event shall the Special Tax be levied on any parcel within the CFD in excess of the maximum Special Tax specified in the Resolution of Formation.

Section 4. *Use of Special Tax.* All of the collections of the Special Tax shall be used as provided in the Act and in the Resolution of Formation, including, but not limited to, the payment of costs of the Services, the payment of the costs of the City in administering the CFD, and the costs of collecting and administering the Special Tax.

Section 5. *Collection of Special Tax.* The Special Tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the Council may provide for other appropriate methods of collection by resolution(s) of the Council. The City Manager of the City (or a designee) is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Alameda in order to effect proper billing and collection of the Special Tax, so that the Special Tax shall be included on the secured property tax roll of the County of Alameda for fiscal year 2026-27 and for each fiscal year thereafter until no longer required to pay for the Services or until otherwise terminated by the City.

Section 6. *Severability*. If, for any reason, any portion of this Ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this Ordinance and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

Section 7. *Publication*. The Mayor shall sign this Ordinance and the City Clerk shall cause the same to be published within fifteen (15) days of its passage at least once in a newspaper of general circulation circulated in the City or pursuant to such other procedure identified by the City Clerk.

Section 8. *Effective Date*. This Ordinance shall take effect 30 days from the date of final passage.

The foregoing ordinance was introduced at the meeting of the City Council of the City of Livermore held on February 23, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

The ordinance was adopted at the regular meeting of the City Council held on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Mayor, City of Livermore

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Molly A. O'Toole
Molly A. O'Toole
Assistant City Attorney

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.2**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing the execution of a fourth amendment to the agreement with HMH Engineers for on-call engineering services, increasing the not-to-exceed contract amount from $3,200,000 to $4,700,000.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute a fourth amendment to the engineering services agreement with HMH Engineers for additional on-call engineering design services, increasing the not-to-exceed agreement amount from $3,200,000 to $4,700,000.

DECISION TYPE

Administrative

SUMMARY

HMH Engineers was shortlisted through a Request for Qualifications and Request for Proposal, and they have been providing on-call engineering design services for various capital improvement projects. The fourth amendment to the on-call agreement will allow HMH Engineers to complete design development, utility coordination, environmental and regulatory permitting, right-of-way acquisition, provide construction support services for projects such as East Avenue Corridor ATP Implementation Project No. TB202222, Vasco Road Widening Project No. TI201837, Arroyo Road Trail (T-13, Segment B) Project No. TB201955, and North K Street Reconstruction Project No. SM202521.

This fourth amendment increases the not-to-exceed contract amount from $3,200,000 to $4,700,000.

DISCUSSION

On February 10, 2021, the City of Livermore (City) and HMH Engineers entered into an Engineering Services Agreement in the amount of $600,000 to provide on-call engineering design services for various capital improvement projects and development projects (Original Agreement). The Original Agreement and each subsequent amendment, including the First Amendment executed on January 24, 2023, the

Second Amendment executed on September 10, 2024, and the Third Amendment executed on April 15, 2025, were approved by the City Council. The First Amendment increased the not-to-exceed amount to $1,200,000 and extended the term to December 31, 2025. The Second Amendment increased the not-to-exceed amount to $1,800,000 and extended the term to December 31, 2027. The Third Amendment increased the not-to-exceed amount to $3,200,000.

HMH Engineers has been providing engineering design services for various capital improvement projects. Currently, they are working on the East Avenue Corridor ATP Implementation Project No. TB202222, Vasco Road Widening Project No. TI201837, Arroyo Road Trail (T-13, Segment B) Project No. TB201955, and North K Street Reconstruction Project No. SM202521. These projects are in various phases of design development, utility coordination, environmental and regulatory permitting, and right-of-way acquisition.

HMH Engineers has provided continuous on-call engineering services to the City since 2021 and has developed extensive institutional knowledge of the City's standards, regulatory requirements, and project-specific constraints. Many of the active capital improvement projects currently assigned to HMH Engineers are in advanced stages of design development, environmental clearance, right-of-way acquisition, and utility coordination. Continuity of engineering support is critical to ensure timely project delivery, maintain consistency in design assumptions, and avoid delays or increased costs that could result from transitioning work to a new consultant. Additionally, several projects require ongoing coordination with regulatory agencies and utility providers, as well as design refinements in response to evolving site conditions and permitting requirements. Extending the agreement through a fourth amendment will allow HMH Engineers to continue providing efficient and responsive engineering services, support City staff during the remaining design and construction phases and ensure successful implementation of the City's Capital Improvement Program.

This fourth amendment increases the not-to-exceed contract amount from $3,200,000 to $4,700,000.

FISCAL AND ADMINISTRATIVE IMPACTS

The fourth amendment increases compensation by $1,500,000 for a total not-to-exceed amount of $4,700,000. Funding for this amendment will be covered in the approved budgets for various projects in the Capital Improvement Program. No additional appropriation is required.

COMMUNITY PILLAR

5: A City That Works

GOAL

14: Develop, operate, and maintain the City's infrastructure.

ATTACHMENTS

1. Resolution
2. Exhibit A - Fourth Amendment to Agreement

Prepared by: Leon Taing
Senior Civil Engineer

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING EXECUTION OF A FOURTH AMENDMENT TO THE ORIGINAL AGREEMENT WITH HMH ENGINEERS FOR ON-CALL ENGINEERING SERVICES, INCREASING THE NOT-TO-EXCEED CONTRACT AMOUNT FROM $3,200,000 to $4,700,000

On February 10, 2021, the City of Livermore ("City") entered into an Engineering Services Agreement with HMH Engineers to provide on-call engineering services in the amount of $600,000 with a term ending December 31, 2023 ("Original Agreement").

On January 24, 2023, the City Manager executed a First Amendment to the Original Agreement to increase the not-to-exceed amount from $600,000 to $1,200,000, and extend the term from December 31, 2023 to December 31, 2025 ("First Amendment").

On September 10, 2024, the City Manager executed a Second Amendment to the Original Agreement to increase the not-to-exceed amount from $1,200,000 to $1,800,000, and to extend the term from December 31, 2025 to December 31, 2027 ("Second Amendment").

On April 15, 2025, the City Manager executed a Third Amendment to the Original Agreement to increase the not-to-exceed amount from $1,800,000 to $3,200,000 ("Third Amendment").

Staff recommends the Original Agreement be further amended to increase the not-to-exceed amount from $3,200,000 to $4,700,000 to continue to provide design, environmental, and construction support services to support City staff implementation of capital improvement and development projects.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that it hereby:

1. Authorizes the City Manager to execute a Fourth Amendment to the Original Agreement with HMH Engineers, attached hereto as Exhibit A, for additional on-call engineering design services, increasing the not-to-exceed contract amount from $3,200,000 to $4,700,000.

2. Authorizes the City Manager to take whatever actions are necessary and appropriate to carry out the purpose and intent of this resolution.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Tara Mazzanti
Tara Mazzanti
Senior Assistant City Attorney

Exhibit A – Fourth Amendment to Original Agreement

Docusign Envelope ID: 49DB36B8-403A-4AF1-B7A8-1C86A8AA7911

FOURTH AMENDMENT TO ENGINEERING SERVICES AGREEMENT

THIS FOURTH AMENDMENT, is made and entered into this ____ day of _____, 2026, by and between the City of Livermore, a municipal corporation ("City"), and HMH Engineers, a California Corporation ("Consultant").

RECITALS

On February 10, 2021, City and Consultant entered into an agreement in the amount of $600,000 for Consultant to provide on-call civil engineering design and environmental review services for various City's capital improvement and miscellaneous development projects for City ("Original Agreement").

On January 24, 2023, the City Manager executed a first amendment to the Original Agreement to increase the not-to-exceed amount to $1,200,000, and extend the term of the Agreement to December 31, 2025 ("First Amendment").

On September 10, 2024, the City Manager executed a second amendment to the Original Agreement to increase the not-to-exceed amount to $1,800,000, and extend the term of the Agreement to December 31, 2027 ("Second Amendment").

On April 15, 2025, the City Manager executed a third amendment to the Original Agreement to increase the not-to-exceed amount to $3,200,000 ("Third Amendment"). Section 21 of the Original Agreement requires that any modifications to it must be in writing and signed by the parties.

City and Consultant desire to amend the Original Agreement to increase the Consultant's compensation to the not-to-exceed amount of $4,700,000, which will allow HMH Engineers to continue to provide design, environmental and regulatory permitting, and construction support services for projects such as Springtown Open Space Improvements Project No. PB202319, East Avenue Corridor ATP Implementation Project No. TB202222, Vasco Road Widening Project No. TI201837, Arroyo Road Trail (T-13, Segment B) Project No. TB201955, and North K Street Reconstruction Project No. SM202521. This is the Fourth amendment to the Original Agreement.

AGREEMENT

NOW, THEREFORE, City and Consultant hereby agree that the aforementioned recitals are true and correct and further agree as follows:

1. The Original Agreement, First Amendment, Second Amendment, and Third Amendment are amended as follows:

   A. Section 6 of the Original Agreement is amended to read as follows:

Docusign Envelope ID: 49DB36B8-403A-4AF1-B7A8-1C86A8AA7911

Compensation and Payment. The total compensation payable by the City to Consultant for the Services SHALL NOT EXCEED the sum of $4,700,000 ("not-to-exceed amount").

1. The compensation payable by the City to Consultant for the services required by Exhibit A to the Original Agreement SHALL NOT EXCEED $600,000 ("not-to-exceed amount").

2. The compensation payable by the City to Consultant for the services required by Exhibit "A-1" to the First Amendment SHALL NOT EXCEED $600,000 ("not-to-exceed amount").

3. The compensation payable by the City to Consultant for the services required by Exhibit "A-2" to the Second Amendment SHALL NOT EXCEED $3,500,000 ("not-to-exceed amount").

   City shall compensate Consultant for the Services rendered at the hourly rates, task amounts, or travel expenses set forth in Exhibit "A" to the Original Agreement, Exhibit "A-1" to the First Amendment, and Exhibit "A-2" to the Second Amendment up to the not-to-exceed amount. Except as provided in the body of this Agreement, the hourly rates, task amounts, or travel expenses are intended to be Consultant's only compensation for the Services and is inclusive of all costs of labor, licensing, permitting, overhead and administrative costs, and any-and-all other costs, expenses, and charges incurred by Consultant, its agents, and employees to provide the Services.

2. These amendments are prospective and only apply to the Services rendered by Consultant after the execution of this Amendment. Unless otherwise stated herein, this Amendment does not relieve the parties of the terms and conditions of the Original Agreement as written and in effect at the time the Services were rendered.

3. Except as amended above, the Original Agreement remains in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

Docusign Envelope ID: 49DB36B8-403A-4AF1-B7A8-1C86A8AA7911

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have executed this Agreement effective on the date first written above.

CONSULTANT: **Dated:**

DocuSigned by:
29CD1EF7C8C9496...

2/9/2026 | 2:35 PM PST

Jon Cacciotti
Principal

CITY OF LIVERMORE: **Dated:**

Marianna A. Burch
City Manager

APPROVED AS TO FORM:

DocuSigned by:
Tara Mazzanti
B099F65715704E2...

Deputy/Assistant/Senior Assistant City Attorney

APPROVED AS TO INSURANCE:

DocuSigned by:
Jas Sidhu
A5F7D34BB6A748A...

Risk Manager/Analyst

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.3**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Execution of an Affordable Housing Agreement with Livermore LT Ventures Group, LLC for a 44-unit subdivision located west of Laughlin Road and east of Vasco Road.

RECOMMENDED ACTION

Authorizing the City Manager, or her designee, to execute an Affordable For Sale Housing Agreement with Livermore LT Ventures Group, LLC for a 44-unit subdivision located west of Laughlin Road and east of Vasco Road (Vesting Tentative Tract Map 8094).

DECISION TYPE

Administrative

SUMMARY

The Garaventa Hills project proposes a 44-unit single-family subdivision on a 32-acre vacant site located at Bear Creek Drive's terminus in Livermore. City Council adopted Resolution 2024-202 on November 25, 2024, approving Subdivision 13-001 and Site Plan Design Review 13-005. To meet the City's Affordable Housing Ordinance (15% inclusionary requirement), the developer must provide 6.15 affordable units. The proposal satisfies this obligation by:

- Constructing three duet-style homes, yielding six attached units designated for low- and moderate-income homebuyers, thus satisfying the City's comparability requirement; and,
- Paying an in-lieu fee equivalent for the remaining 3.15 affordable units, to be calculated at the time of building permit application.

Staff recommends approval of the Affordable For Sale Housing Agreement with Livermore LT Ventures Group, LLC, as the proposal complies with the City's affordable housing ordinance and supports Council goals to expand affordable housing opportunities.

DISCUSSION

The Garaventa Hills project proposes a 44-unit single-family residential subdivision on a vacant, approximately 32-acre site. The site is located north of I-580, west of Laughlin Road and east of Vasco Road at the terminus of Bear Creek Drive (Assessor Parcel Number 99B-5300-10). On November 25,

2024, City Council adopted Resolution 2024-202 approving Subdivision 13-001 and Site Plan Design Review 13-005, authorizing the applicant to provide a combination of on-site affordable units and to make an in-lieu fee payment for a portion of the affordable housing requirement.

The City's Affordable ("Inclusionary") Housing Ordinance states that developers completing residential projects within the City's General Plan Area must satisfy the affordable housing requirement by providing fifteen percent (15%) of those units as affordable. Chapter 11.70.040 of the Development Code provides that the affordability requirement may also be satisfied by alternative means, including payments to the City's Housing Trust Fund for use in affordable housing projects.

The affordable housing obligation for this project is 6.15 units. Consistent with this provision, and with the support of staff, the developer proposes to satisfy its affordable housing obligation by:

- Satisfying three of the required affordable units in the project by constructing three duet floorplans, which will provide six attached units for sale to Low- and Moderate-income buyers (80% and 120% of Area Median Income, respectively) in accordance with the City's program, therefore satisfying the equivalency practice previously approved by the City Council for developers proposing alternative affordable unit plans; and,
- Paying an in-lieu fee equivalent to the value of what the City would otherwise receive for the remaining 3.15 affordable units in the development to satisfy the remainder of the requirement.

Pursuant to Government Code § 66474.2, the City will utilize Ordinance No. 1989 in effect in 2019 when the Developer's application was approved and deemed complete to calculate the in-lieu fee. Approximately 49% of the inclusionary housing obligation will be met through the construction of the on-site units, satisfying the affordable obligation for the first 20 market-rate units, which are exempt from in-lieu fees. The remaining 18 market-rate units will be subject to in-lieu fees. The City's adopted in-lieu fee rate (based on square footage) will be applied to 18 market-rate units in the project and calculated at the time of building permit application. The developer is projected to pay an average fee of approximately $112,940 per unit for the 18 market rate units, resulting in a total estimated payment of $2,032,920. Alternatively, the developer may request an alternate fee rate if they can demonstrate through a third-party certification that their costs to build the market-rate units are lower than the adopted City fee rate.

Staff recommends approval of the proposal as it meets the on-site unit requirements, the alternative means of compliance described in the City's affordable housing ordinance and advances the City Council's affordable housing goals. Prices for the affordable units will be determined in accordance with the established sales prices adopted by the City for the Affordable Homeownership Program, which are in effect at the time of sale. The affordable units would be marketed throughout the community, and the applicant selection process would prioritize applicants who meet the City Council's established preferences, including Livermore residents and workers, Livermore Valley Joint Unified School District teachers, first responders, tenants of City-regulated affordable rental units, and veterans. All purchasers must meet the City's Affordable Homeownership Program qualifying criteria, including first-time homebuyer qualification, a minimum 660 credit score, determination of creditworthiness, and a three percent (3%) down payment requirement. Buyers will be required to enter into a resale restriction agreement with the City, along with a promissory note and recorded deed of trust, which reflects the affordability subsidy amount (e.g., the difference between the market value and the affordable sales price).

FISCAL AND ADMINISTRATIVE IMPACTS

The Affordable Housing In-Lieu fees will be deposited into the Affordable Housing Trust Fund to support sustainability and expansion of affordable housing projects, including the new construction of permanent, supportive rental housing for very low-income families, unhoused residents, Seniors and disabled residents.

COMMUNITY PILLAR

1: A Safe Community that Thrives

GOAL

7: Expand and preserve the supply of affordable housing opportunities

ATTACHMENTS

1. Resolution
2. Exhibit A - Agreement

Prepared by: Shelly Haynes
Management Analyst II

Approved by:

Marianna A. Burch
City Manager

Fiscal Review by:

Tina Olson
Administrative Services Director

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING THE EXECUTION OF AN AFFORDABLE HOUSING AGREEMENT WITH LIVERMORE LT VENTURES GROUP, LLC FOR A 44-UNIT SUBDIVISION LOCATED WEST OF LAUGHLIN ROAD AND EAST OF VASCO ROAD

The Garaventa Hills project proposes a 44-unit single-family subdivision on a 32-acre vacant site located at Bear Creek Drive's terminus in Livermore. City Council adopted Resolution 2024-202 on November 25, 2024, approving Subdivision 13-001 and Site Plan Design Review 13-005. To meet the City's Affordable Housing Ordinance (15% inclusionary requirement), the developer must provide 6.15 affordable units. The proposal satisfies this obligation by:

- Constructing three duet-style homes, yielding six attached units designated for low- and moderate-income homebuyers, thus satisfying the City's comparability requirement; and,
- Paying an in-lieu fee, equivalent to the value to the City of built units, for the remaining 3.15 affordable units, to be calculated at the time of building permit application.

Staff recommends approval of the Affordable For Sale Housing Agreement with Livermore LT Ventures Group, LLC, as the proposal complies with the City's affordable housing ordinance and supports Council goals to expand affordable housing opportunities.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that it authorizes the City Manager, or her designee, to execute an Affordable for Sale Housing Agreement with Livermore LT Ventures Group, LLC for a 44-unit subdivision located west of Laughlin Road and east of Vasco Road (Vesting Tentative Tract Map 8094).

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Daniel Gonzales
Daniel Gonzales
Deputy City Attorney

Exhibit A – Agreement

Recording Requested By:

CITY OF LIVERMORE

And When Recorded Mail to:

The City of Livermore
1052 S. Livermore Avenue
Livermore, CA 94550
Attention: City Clerk

Documentary Transfer Tax $ Exempt R&T Code 11922

By:

City of Livermore

Recording Fee $0.00 Gov't Code 27383

APN: 099B-5300-010

Affordable For Sale Housing Agreement
between
City of Livermore and Livermore LT Ventures Group, LLC

This Affordable For Sale Housing Agreement ("Agreement") is entered into on_____, _____, 2026 by and between the City of Livermore, a municipal corporation ("City"), and Livermore LT Ventures Group, LLC. ("Developer"), with reference to the following facts:

RECITALS

A. A serious shortage of affordable housing exists in the City. Of particular concern is the shortage of housing for low-income and moderate-income households.

B. The City commissioned a study, the Residential Nexus Analysis and Residential Feasibility Analysis, to determine the impact that for-sale residential units have on the need to meet affordable housing as the basis for the City's inclusionary housing requirement. The analysis found that the need for affordable housing is commensurate with a 15% inclusionary requirement applicable to the General Plan Area.

C. The City's General Plan Housing Element has the goal of providing housing affordable to all economic segments of the community and requires that in the General Plan area 15% of the dwelling units be affordable, in the Downtown Specific Plan area 10% of the dwelling units be affordable, and in the Isabel Neighborhood Specific Plan Area 15% of the dwelling units be affordable. Chapter 10.06.050 of the Livermore Development Code provides that this affordability requirement may also be satisfied by alternative means including payments to the City's Housing Trust Fund for use in affordable housing projects.

D. The Developer desires to build a residential development in the General Plan Area of the City of Livermore, within the Parcel as described in Attachment 1, and to enter into this Agreement to satisfy its affordable housing requirement.

E. The proposed development consists of 44 single-family homes. In accordance with the City's Inclusionary Housing Ordinance, the project is subject to a 15% affordable housing requirement. This requirement is calculated based on 41 market rate lots, excluding the lots already designated for Below Market Rate (BMR) development. Accordingly, the total inclusionary obligation amounts to 6.15 units. To meet the comparability and product type equivalency requirement described in Development Code Amendment 13-001, sections 10.06.050(D)(5) and (6) the developer will construct BMR units on the market rate equivalent lots, each lot containing one half of aduet unit, resulting in six affordable units. The remaining 3.15 affordable unit requirement will be satisfied through the City's In-Lieu Fee alternative. This approach fulfills the inclusionary requirement through a combination of on-site development and fee payment and is memorialized in the Conditions of Approval for Tentative Map 8094.

F. Pursuant to Government Code § 66474.2, the City will utilize Ordinance No. 1989 in effect in 2019 when the Developer's application was approved and deemed complete to calculate the in-lieu fee.

AGREEMENT

NOW THEREFORE, in consideration of the terms, conditions and covenants set forth herein, City and Developer agree that the recitals are true and correct and further agree as follows:

1) Development
The Developer intends to develop a subdivision consisting of 44 for sale single-family units, comprised of 38 detached housing units and 6 units across 3 duet structures as described in that certain Vesting Tentative Tract Map 8094 (the "Map"), located west of Laughlin Road and east of Vasco Road, in Livermore, California (the "Development") and as described in Attachment 2.

2) Affordable Housing Requirement
Based on the Conditions of Approval for Vesting Tentative Tract Map 8094, and Chapter 10.06.050 of the Livermore Development Code, the Developer is required to provide 6.15 residential units ("Units") for sale at affordable prices to Low-Income and Moderate-Income households.

3) Satisfying the Affordable Housing Requirement

In satisfaction of the affordable housing requirement described in Section 2 above, the Developer hereby agrees to: (i) construct three (3) duets consisting of six (6) units within the Development, three (3) of which will be reserved for sale at Low

Income Sales Prices, and three (3) of which will be reserved for sale at Moderate Income Prices as defined in Section 5 below, (the "Affordable Units"); and, (ii) pay an equivalent In-Lieu fee for the 3.15 Units to the City's Housing Trust Fund in lieu fee, as defined in Section 4, below.

4) Payment Schedule and Calculation

Based on the ratio of developed BMR units to the total requirement (3 out of 6.15), approximately 49% of the inclusionary obligation is met through construction. This percentage corresponds to the first 20 market-rate units, which will not be subject to the in-lieu fee. The remaining 18 units will be required to pay the in-lieu fee at the time building permits are pulled, with the fee calculated as described hereafter in Phase 2.

To ensure compliance, the inclusionary obligation will be fulfilled in two phases:

Phase 1 – Market-Rate Construction Without Fee: The developer may proceed with building permits for the first 20 market-rate units without incurring any in-lieu fee obligation, as these units are covered by the on-site BMR development. Delivery of the BMR units will be phased and provided along with the unrestricted market rate units, and the Developer will offer no less than two (2) BMR units in a duet structure located on adjoining zero lot line lots, for sale in the project after every six (6) unrestricted market-priced units are offered for sale in the project, until such time as all 6 attached BMR units are sold.

Phase 2 – In-Lieu Fee Payment for Remaining Units:

- Option 1: The Developer shall pay the in-lieu fee at the time building permits are pulled, with the fee calculated according to the square footage of each unit as described in Attachment 3; or

- Option 2: The Developer shall pay the applicable in-lieu fees at the time of building permit application. Fee amounts will be determined based on the final floor plans submitted with each building permit application for the 18 units subject to the fee requirement, excluding any BMR units that have already been constructed.

    - To calculate the in-lieu fees, the Developer shall provide a Certification of Cost for each floor plan. This certification must be completed by an independent agency mutually agreed upon by both parties and shall reflect actual development costs. The Developer shall be solely responsible for all costs associated with obtaining the Certification of Cost, including any fees charged by the independent agency. The calculation of total development costs shall include, but is not limited to, the following cost components:

- Hard Construction Costs (total sq ft including house, garage, porch, driveway and patio)
- Soft Construction Costs (including, but not limited to, Financing, Architecture and Engineering)
- Finished Lot Costs
  - Land Costs
  - Plan Check Fees
  - Building Permit Fees
  - Impact Fees (all City, County and Special District impact fees)

- Cost Certification shall be submitted to the housing and Human Services Manager prior to the 23rd Building Permit.
- The City has 10 business days to approve or reject the Cost Certification.

5) Location and Description of Affordable Units

a) The Affordable Units shall be located at the addresses described below and further depicted in Attachment 2, attached hereto and incorporated herein.

Unit Number	Address	Plan	No. of Bedrooms	No. of Baths	Square footage (+/-)	Affordable Sales Price Category
Low						
26	TBD	#5A	4	2.5	1708	Low
29	TBD	#5B	3	2.5	1417	Low
38	TBD	#5A	3	2.5	1435	Low
Moderate						
27	TBD	#5A	3	2.5	1435	Moderate
30	TBD	#5B	4	2.5	1692	Moderate
37	TBD	#5A	4	2.5	1708	Moderate

b) All Affordable Units shall be sold at the sales prices adopted by City Council that are applicable during the year the Affordable Units are sold (the "Low Income Price" and "Moderate Income Price"). For the initial year of this Agreement, the Low and Moderate-Income Prices are as set forth in Attachment 4 attached hereto.

c) The Lots listed in Section 4 (a) and identified in Attachment 2 on which the Affordable Units are to be constructed may be changed with the mutual written consent of the City and Developer not to be unreasonably withheld provided that any change in the Lots does not materially detract from the value of the Affordable Units as determined by the City in accordance with the City's affordable housing ordinance (Dev. Code § 10.06.050).

d) Each Affordable Unit shall

i. be built in conformance with the models and plans noted in Section 4 (a) above as such plans were approved in connection with Vesting Tentative Tract Map 8094, and
ii. consist of the square feet of living space comprised of a family room, dining room, kitchen, laundry, bedrooms and bathrooms, as stated in Section 4 (a) above, and
iii. contain the same standard amenities, fixtures, and finishes, such as appliances, cabinets, counters, flooring, etc., as the market rate units in the Development. Any proposed amenities, fixtures, and finishes that differ from those in the Market Rate Units must be pre-approved by the City in writing prior to marketing the first Affordable Unit.

6) Selection of Purchasers

The purchasers ("Purchasers") of the Affordable Units shall be participants in the City's Affordable Homeownership Program (the "Program") The Program requires, among other things that:

a) For those Affordable Units designated to be sold to low-income households, each Purchaser's income shall not exceed one hundred percent (80%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development ("Low Income Purchaser").

b) For those Affordable Units designated to be sold to moderate income households, each Purchaser's income shall not exceed one-hundred twenty percent (120%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development ("Moderate Income Purchaser").

c) Low and Moderate-Income Purchasers must be first time homebuyers and meet credit and eligibility standards described in the City's Affordable Homeownership Program Guidelines.

d) To the extent required under the Program, Developer agrees to market the Affordable Units through specified City programs to implement applicant selection preferences in accordance with City's Affordable Homeownership Program Guidelines. Upon mutual agreement with the City's Representative and Developer, the City will identify and select eligible Low and Moderate-Income Purchasers for the Affordable Units.

e) The Developer may elect to have the City identify and select eligible Low and Moderate-Income Purchasers for the Affordable Units. If the Developer elects to utilize the services of the City:

i. The City will establish a list identifying income-eligible households based on preferences established by the Livermore City Council, provide first time homebuyers access to consumer credit

counseling, identify to first time homebuyers possible financing options, assist homebuyers through the escrow process, monitor resale restriction agreements and related documents, and comply with all federal and state fair housing laws and regulations.

ii. Upon close of escrow for the sale of each Affordable Unit, the City shall be paid from escrow an administrative fee equal to one and half percent (1.5%) of the Total Purchase Price to conduct the activities described in Section 6 (d)(i) on behalf of Developer.

iii. In order to ensure timely delivery notification of eligible Purchasers, Developer shall send to the City's Housing and Human Services Division Manager, a written notice as soon as Developer, in its reasonable opinion, believes that a particular Affordable Unit is at least one hundred twenty (120) days from being ready for occupancy. At that point, the City will begin marketing and identifying eligible Low and Moderate-Income Purchasers. The City shall provide to Developer the names of Low and Moderate-Income Purchasers eligible under the Program.

f) If the Developer does not utilize the services of the City, the Developer must meet all of the requirements described in this section (5.a-d). The City will monitor the Developer to ensure compliance and Developer shall be responsible for all costs incurred by City to monitor compliance.

g) The City reserves the right for formal approval of applicants to the Affordable Homeownership Program.

h) This Agreement shall not limit the rights of the Developer to terminate or cancel any purchase and sales agreement or contract with an eligible Purchaser as agreed to by the parties.

7. Sales Price Limits & Permitted Options

a) For those Affordable Units sold to Low Income Purchasers and Moderate-Income Purchasers, the purchase price for each unit shall not exceed the sum of (i) the "Low Income Price" or "Moderate Income Price" plus (ii) the total Price of any Options (as that term is hereafter defined) for the particular Affordable Unit. The Low-Income Price and Moderate-Income Price are established annually by the City and set forth as Affordable For-Sale Prices, Rental Rates, and Maximum Income Limits. The 2025 schedule is attached hereto as Attachment 4, incorporated herein as reference, and adopted by City Council Resolution 2024-181 ("Below Market Price Limits.") The Developer and the City acknowledge that the Below Market Price Limits may be adjusted from time to time and agree that in the event of such adjustment the Low Income Prices and Moderate Income Prices of the

Affordable Units shall be adjusted to match the then current Below Market Price Limits at the time the Developer notices the City of an Affordable Unit(s) for sale and/or the marketing of the Affordable Unit(s) begins as mutually agreed upon. Sales prices assume the current rate of interest for first-time home buyers as determined by the City, 30-year mortgage, and housing payments (PITI) which do not exceed 30% of the household income.

b) The term "Options" shall mean any options, improvements, or upgrades to an Affordable Unit that Developer has made available to a Purchaser and that Purchaser has agreed to purchase at its sole cost and expense and may not be financed. Notwithstanding anything in this agreement to the contrary, the total Price of the Options that a particular Purchaser may purchase for an Affordable Unit shall not exceed five percent (5%) of the Low-Income Price and Moderate-Income Price for that Affordable Unit. Developer acknowledges and agrees that its sole compensation for any sale of an Affordable Unit shall be the sum of (a) the Low-Income Price or Moderate-Income Price and (b) the total Price of the Options. The sum total of items (a) and (b) above is hereafter referred to as the "Total Purchase Price".

c) For property assessment purposes, the Total Purchase Price for each Affordable Unit shall be reported to the Alameda County Assessor's Office.

7) Affordability Restrictions

To effectuate the affordability restrictions, as a condition to the close of escrow on any Affordable Unit, the Developer shall require Purchaser to execute a promissory note in favor of the City in an amount equal to the difference between the fair market value as determined by an appraisal of the Affordable Unit and the Low Income Price or Moderate-Income Price (the "Promissory Note"). In addition to the Promissory Note, the Purchaser shall execute a deed of trust and a resale restriction agreement in favor of the City that will be recorded in a second-priority position at the close of escrow. The Resale Restriction Agreement, Deed of Trust and Promissory Note shall be referred to as the "City Loan Documents" and shall be substantially in the form of Attachment 5.

8) Assignment

This Agreement shall be binding upon the successors and assigns of the parties. Where the Developer sells or otherwise transfers title to any portion of the Property, that subsequent owner and Developer are jointly and severally liable for the obligations under this Agreement as to that portion of the Property sold or transferred unless Developer is released by City, which release shall not be unreasonably withheld, so long as the subsequent owner provides City with security equivalent to any security previously provided by Developer to secure performance of its obligations hereunder. Developer acknowledges that it shall be reasonable for City to condition such release of the Developer upon Developer and

its successor entering into a written assignment and assumption agreement requiring the successor to satisfy Developer's outstanding obligations under this Agreement.

9) Breach
No party shall be in material breach of this Agreement unless and until (i) the breaching party receives from the non-breaching party a written notice ("Breach Notice") stating the nature of the breach and (ii) the breaching party has failed to cure such breach within thirty (30) days of the date it receives the Breach Notice; provided, however, if the nature of the breach is of a type or nature that cannot be cured within thirty (30) days, then the breaching party shall not be in material default of this Agreement so long as it (i) commences curing of the breach within thirty (30) days of the date it receives the Breach Notice and (ii) diligently pursues curing the breach to completion.

10) Agreement Lawful and Enforceable.
The Developer acknowledges and concedes that this Agreement is lawful and enforceable and waives any and all legal challenges or other objections to this Agreement. The Developer shall not in any judicial action or proceeding, affirmatively or by way of defense, seek to invalidate or otherwise avoid the application of the terms of this Agreement.

11) Notice
Unless specified otherwise herein, any notice, tender, or delivery to be given pursuant to this Agreement by either party shall be in writing and may be accomplished by delivery in person, express delivery service, or first-class certified mail, return receipt requested. Any notice shall be deemed received on the date shown on the receipt as the date of delivery, refusal of delivery, or the date returned as undeliverable. Notices shall be addressed as set forth below, but each party may change his or her address by written notice in accordance with this Section.

TO CITY:
City of Livermore
1052 So. Livermore Ave.
Livermore, CA 94550
Attn: City Manager

TO DEVELOPER
Livermore LT Ventures Group, LLC
Attention: Richard S. Lafferty
5000 Executive Parkway, Suite 530
San Ramon, CA 94538

12) Attorneys' Fees
If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the party prevailing in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred.

13) Compliance
Compliance with this Agreement satisfies the affordable housing development obligations of Developer under the City's Affordable Housing Ordinance (Section 10.06.050 of the Livermore Development Code), and the Vesting Tentative Tract Map 8094 conditions of approval.

14) Modification
The City Manager of the City of Livermore is the authorized representative of the City to approve minor modifications to the agreement, provided the modification does not materially alter the agreement, and is authorized to negotiate, develop, and execute all documents related this agreement. This Agreement shall not be modified except by written instrument executed by and between the parties.

15) Entire Agreement
This Agreement constitutes the entire understanding and agreement of the parties with respect to the sale of the Affordable Units.

16) Binding Effect
This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties.

17) Severability
If any term of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, then the remaining terms shall continue in full force unless the rights and obligations of the parties have been materially altered by such holding of invalidity.

18) Governing Law
This Agreement shall be governed by the laws of the State of California.

19) Incorporation by Reference
Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

20) Counterparts
This Agreement may be executed in counterparts, by actual or facsimile signature (with originals to be forwarded by overnight mail). Each counterpart shall be deemed an original and all, when taken together, shall constitute one agreement.

21) Termination
This Agreement and all terms and conditions contained herein and the encumbrance of this Agreement on title shall automatically terminate once all obligations under this Agreement have been satisfied by the Developer without signing or recording any instrument of release, provided City shall sign any such release to the extent requested by Developer and/or required by any title company insuring the sale or transfer of Affordable Units. Notwithstanding the foregoing this

Agreement shall terminate in its entirety and be of no further force and effect with respect to, (a) any portion (or interest in) of the Property, upon dedication or conveyance to a homeowners' association, public entity or public utility, and (b) any completed Unit, upon the sale of such Unit to a member of the general public. In any such event, such portion of the Property (or interest therein) shall be deemed automatically released from the encumbrance of this Declaration, without signing or recording any instrument of release, provided City shall sign any such release to the extent requested by Developer and/or required by the title company insuring such sales or transfers.

[Signatures and Attachment List on the Next Page]

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

DEVELOPER:
Livermore LT Ventures I Group, LLC

By: _____
Name: Richard S. Lafferty
Its: Managing Member
For:
Date: 2/10/2026

CITY OF LIVERMORE: **Dated:**

_____ _____
Marianna A. Burch
City Manager

APPROVED AS TO FORM:

_____
Deputy/Assistant/Senior Assistant/City Attorney

Attachments:
- Attachment 1 – Legal Description
- Attachment 2 - Location of Affordable Units
- Attachment 3 – In-Lieu Fee Calculator
- Attachment 4 – 2025 Affordable Homeownership Program Sales Prices
- Attachment 5 - City Loan Documents

CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT EXHIBIT A

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Contra Costa)

On February 10, 2020 before me, Brittany Lafferty, Notary Public
(here insert name and title of the officer)

personally appeared Richard S. Lafferty

,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

BRITTANY LAFFERTY
COMM. #2459678
Notary Public - California
Contra Costa County
My Comm. Expires Sep. 14, 2027

NRO1 NRO1

WITNESS my hand and official seal.

Signature _____ (Seal)

Optional Information

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document

titled/for the purpose of _____

_____,

containing ___ ___ pages, and dated _____.

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
- ☐ Attorney-in-Fact
- ☐ Corporate Officer(s) _____ Title(s)

_____

- ☐ Guardian/Conservator
- ☐ Partner - Limited/General
- ☐ Trustee(s)
- ☐ Other: _____

representing: _____ Name(s) of Person(s) or Entity(ies) Signer is Representing

_____.

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
○ form(s) of identification ○ credible witness(es)

Notarial event is detailed in notary journal on:
Page # _____ Entry # _____

Notary contact: _____

Other

☐ Additional Signer(s) ☐ Signer(s) Thumbprint(s)

☐ _____

© Copyright 2007-2018 Notary Rotary, PO Box 41400, Des Moines, IA 50311-0507. All Rights Reserved. Item Number 101772. Please contact your Authorized Reseller to purchase copies of this form.

Attachment 1

Legal Description

Real property in the City of Livermore, County of Alameda, State of California, described as follows:

ALL THAT PORTION SHOWN AS "DESIGNATED REMAINDER" ON PARCEL MAP 6972, FILED ON JUNE 11, 1996, IN MAP BOOK 223, AT PAGES 65 AND 66, ALAMEDA COUNTY RECORDS

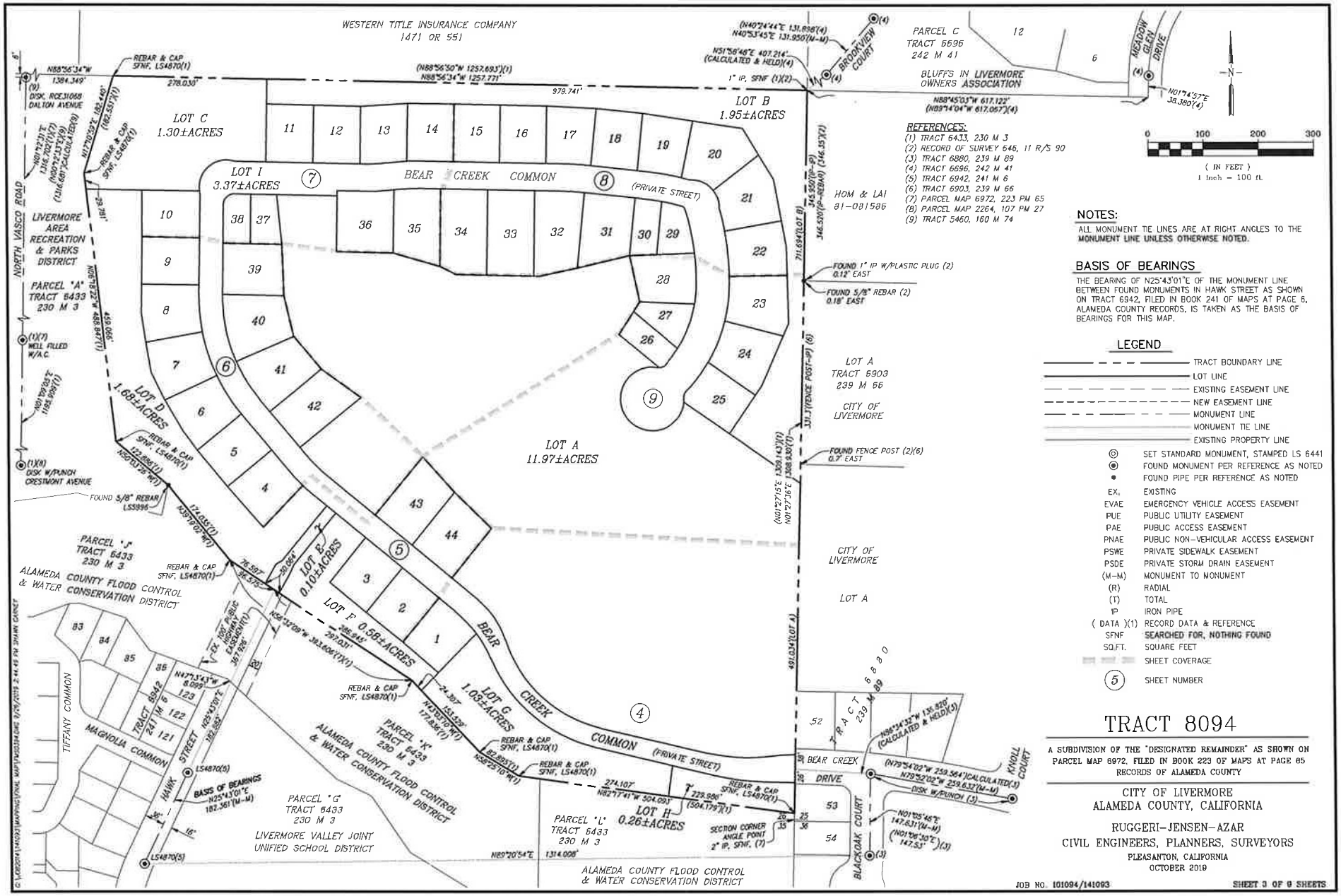

WESTERN TITLE INSURANCE COMPANY
I471 OR 551
PARCEL C
TRACT 6696
242 M 41
BLUFFS IN LIVERMORE
OWNERS ASSOCIATION
BROOKVIEW COURT
MEADOW GLEN DRIVE
LOT B
1.95±ACRES
LOT C
1.30±ACRES
LOT I
3.37±ACRES
BEAR CREEK COMMON
(PRIVATE STREET)
LIVERMORE AREA RECREATION & PARKS DISTRICT
NORTH VASCO ROAD
PARCEL "A"
TRACT 6433
230 M 3
LOT D
1.68±ACRES
LOT A
11.97±ACRES
HOM & LAI
81-081586
LOT A
TRACT 6903
239 M 66
CITY OF LIVERMORE
PARCEL "J"
TRACT 6433
230 M 3
ALAMEDA COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
LOT E
0.10±ACRES
LOT F
0.58±ACRES
LOT G
1.05±ACRES
BEAR CREEK COMMON
(PRIVATE STREET)
TIFFANY COMMON
MAGNOLIA COMMON
HAWK STREET
TRACT 6842
241 M 6
PARCEL "K"
TRACT 6433
230 M 3
PARCEL "G"
TRACT 6433
230 M 3
LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
PARCEL "L"
TRACT 6433
230 M 3
LOT H
0.26±ACRES
SECTION CORNER
ANGLE POINT
2" IP, SFNF, (7)
ALAMEDA COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
TRACT 6880
239 M 89
BEAR CREEK DRIVE
KNOLL COURT
BLACKOAK COURT
REFERENCES:
(1) TRACT 6433, 230 M 3
(2) RECORD OF SURVEY 646, 11 R/S 90
(3) TRACT 6880, 239 M 89
(4) TRACT 6696, 242 M 41
(5) TRACT 6942, 241 M 6
(6) TRACT 6903, 239 M 66
(7) PARCEL MAP 6972, 223 PM 65
(8) PARCEL MAP 2264, 107 PM 27
(9) TRACT 5460, 160 M 74
NOTES:
ALL MONUMENT TIE LINES ARE AT RIGHT ANGLES TO THE MONUMENT LINE UNLESS OTHERWISE NOTED.
BASIS OF BEARINGS
THE BEARING OF N25°43'01"E OF THE MONUMENT LINE BETWEEN FOUND MONUMENTS IN HAWK STREET AS SHOWN ON TRACT 6942, FILED IN BOOK 241 OF MAPS AT PAGE 6, ALAMEDA COUNTY RECORDS, IS TAKEN AS THE BASIS OF BEARINGS FOR THIS MAP.
LEGEND
TRACT BOUNDARY LINE
LOT LINE
EXISTING EASEMENT LINE
NEW EASEMENT LINE
MONUMENT LINE
MONUMENT TIE LINE
EXISTING PROPERTY LINE
SET STANDARD MONUMENT, STAMPED LS 6441
FOUND MONUMENT PER REFERENCE AS NOTED
FOUND PIPE PER REFERENCE AS NOTED
EX. EXISTING
EVAE EMERGENCY VEHICLE ACCESS EASEMENT
PUE PUBLIC UTILITY EASEMENT
PAE PUBLIC ACCESS EASEMENT
PNAE PUBLIC NON-VEHICULAR ACCESS EASEMENT
PSWE PRIVATE SIDEWALK EASEMENT
PSDE PRIVATE STORM DRAIN EASEMENT
(M-M) MONUMENT TO MONUMENT
(R) RADIAL
(T) TOTAL
IP IRON PIPE
(DATA)(1) RECORD DATA & REFERENCE
SFNF SEARCHED FOR, NOTHING FOUND
SQ.FT. SQUARE FEET
SHEET COVERAGE
5 SHEET NUMBER
0 100 200 300
(IN FEET)
1 inch = 100 ft.
TRACT 8094
A SUBDIVISION OF THE "DESIGNATED REMAINDER" AS SHOWN ON PARCEL MAP 6972, FILED IN BOOK 223 OF MAPS AT PAGE 65 RECORDS OF ALAMEDA COUNTY
CITY OF LIVERMORE
ALAMEDA COUNTY, CALIFORNIA
RUGGERI-JENSEN-AZAR
CIVIL ENGINEERS, PLANNERS, SURVEYORS
PLEASANTON, CALIFORNIA
OCTOBER 2019
JOB NO. 101094/141093
SHEET 3 OF 9 SHEETS

EXHIBIT A

Attachment 3 – In-Lieu Fee Calculator

In-Lieu Fee Calculator - Pursuant to Ordinance No. 1989 in effect in 2019

Per Livermore Municipal Code 3.26 Housing In Lieu Fee

Development: Garaventa Hills
Developer: Laffery Communities
Total Units: 44
Affordable (Inclusionary) Unit Requirement (15%): 6.15
Affordable Unit to be Provided in Fee: 3.15

Average Sale Price and Square Footage of Development				
	Plan 1	Plan 2	Plan 3	Plan 4
Square feet of each Plan:	2,391	2,830	2,940	3,150
Number of units of each Plan:	8	6	15	9
Listing Price of each Plan	$1,800,000	$2,000,000	$2,100,000	$2,125,000

Estimated In-Lieu Fee Calculation				
	Plan 1	Plan 2	Plan 3	Plan 4
Square Footage	2,391	2,830	2,940	3,150
x In-Lieu fee per SF	$ 39.94	$ 39.94	$ 39.94	$ 39.94
Total Estimated In-Lieu Fee per Plan	**$ 95,496.54**	**$ 113,030.20**	**$ 117,423.60**	**$ 125,811.00**

(in-lieu fee values to be finalized at time fee is due)

EXHIBIT A

Attachment 4 – 2025 Affordable Homeownership Program Sales Prices

LIVERMORE

City of Livermore
Affordable For-Sale Prices and Rental Rates

For-Sale Housing*							
		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Household Size	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price
Studio	1	$87,550	$250,112	$111,850	$339,854	$134,250	$420,033
1	2	$100,050	$294,431	$127,850	$397,046	$153,400	$488,810
2	3	$112,550	$338,934	$143,800	$454,422	$172,600	$557,404
3	4	$125,050	$383,253	$159,800	$511,614	$191,750	$626,182
4	5	$135,100	$418,929	$172,600	$560,295	$207,100	$681,167
5	6	$145,100	$454,422	$185,350	$603,194	$222,450	$736,152
6	7	$155,100	$489,914	$198,150	$648,985	$237,750	$791,137
7	8	$165,100	$525,590	$210,950	$694,775	$253,100	$846,123

**Effective November 24, 2025*

Rental Housing*													
		Ext. Low-Income (30%)		Very-Low Income (50%)		Lower-Income (60%)		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Size Household	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent
Studio	1	$33,600	$818	$55,950	$1,363	$67,140	$1,635	$87,550	$2,115	$111,850	$2,725	$134,250	$3,270
1(*)	1.5	$36,000	$878	$59,950	$1,558	$71,940	$1,752	$93,800	$2,266	$119,850	$2,919	$143,825	$3,504
1	2	$38,400	$935	$63,950	$1,558	$76,740	$1,869	$100,050	$2,416	$127,850	$3,114	$153,400	$3,738
2	3	$43,200	$1,051	$71,950	$1,753	$86,340	$2,103	$112,550	$2,719	$143,800	$3,504	$172,600	$4,204
3	4	$47,950	$1,168	$79,900	$1,946	$95,880	$2,336	$125,050	$3,020	$159,800	$3,893	$191,750	$4,671
4	5	$51,800	$1,261	$86,300	$2,103	$103,560	$2,523	$135,100	$3,263	$172,600	$4,204	$207,100	$5,045
4	6	$55,650	$1,355	$92,700	$2,259	$111,240	$2,751	$145,100	$3,504	$185,350	$4,515	$222,450	$5,419
4	7	$59,500	$1,449	$99,100	$2,414	$118,920	$2,930	$155,100	$3,745	$198,150	$4,826	$237,750	$5,793
4	8	$63,300	$1,541	$105,500	$2,570	$126,600	$2,930	$165,100	$3,988	$210,950	$5,138	$253,100	$6,166

**Effective November 24, 2025*

NOTES: These limits are based on income data from the California Department of Housing and Community Development (HCD) for 2025. The Affordable Sales Prices are effective for the 2026 Affordable Homeownership Program year and thereafter until updated by City Council. The 2025 Area Median Income for a 4-person household of $159,800 published by State HCD is derived from the U.S. Department of Housing and Urban Development for Alameda County (Oakland-Fremont Metro Region) for the Section 8 Program.

(*) Low Income Housing Tax Credit (LIHTC) Household size

Sales Prices: assume a 6.00% interest rate, 30-year mortgage, and housing payments (PITI) which do not exceed 30% of the household's monthly income.
The Rental Housing limits are effective upon adoption by City Council and thereafter until updated by City Council. Rental affordability based on 30% of the household's monthly income and do not include tenant utility allowances. Utility allowances should be deducted from the maximum rents based on the Livermore Housing Authority's utility allowance schedule for the Section 8 Program.

Date Adopted by Livermore City Council: November 24, 2025.

EXHIBIT A

EXHIBIT A

COMPLIMENTARY RECORDING
REQUESTED PURSUANT TO
GOVERNMENT CODE SECTION 27383

When Recorded Mail To:
City Clerk
City of Livermore
1052 So. Livermore Avenue
Livermore, CA 94550

APN: _____

RESALE RESTRICTION AGREEMENT

Owner: _____

Residence: _____
Livermore, CA 94551

This Resale Restriction Agreement (the "Agreement") is entered into as of this _____ day of _____, by and between the City of Livermore, a municipal corporation (the "City") and _____ (the "Owner").

RECITALS

A. There is currently a shortage of single family housing in the City of Livermore that is affordable to low income households, causing many low to moderate income households to be unable to purchase single family homes.

B. To assist low to moderate income households in purchasing single family homes, the City has granted developers certain regulatory concessions and in return developers have agreed to cooperate with the City in developing affordable single family homes.

C. In order to further its plan to assist in the purchase of homes by low to moderate income households, the City has developed a secondary financing program designed to assist qualified purchasers to purchase single family homes while preventing unfair windfall profits to the purchasers (the "Affordable Homeownership Program").

D. Without the City's Inclusionary housing requirements, which require the developers to build homes at an affordable price, the Owner would not have had the opportunity to purchase a single family residence.

E. The City's secondary financing represents the value that the owner has received as a result of the City's Inclusionary requirements.

F. The Owner desires to purchase an affordable single family home and to participate in the Affordable Homeownership Program.

G. The Owner has qualified for City financing with a combined household income which does not exceed the lesser of (1) Eighty percent (80%) of median income of Alameda County, adjusted for actual household size, as published by the California Department of Housing and Community Development, or (2) the qualifying limits for lower income households as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, adjusted for actual household size, as published by the California Department of Housing and Community Development.

H. The City wishes to establish resale controls to protect its financial interest in the Residence and to provide for the continued availability of affordable housing.

I. In order to protect its financial interest and its program of providing housing for low income households, the City has required the Owner to execute, in addition to this Agreement, a promissory note in favor of the City (the "City Note").

J. This Agreement and the City Note shall be secured by a deed of trust in a lesser lien position (the "City Deed of Trust") subordinate to the lien of that deed of trust executed by the Owner in favor of the First Lender.

K. The purpose of this Agreement is to place resale controls on the Residence and establish eligibility requirements for subsequent purchasers.

L. The City intends to apply the production of this Residence, to the extent permitted by law, toward the satisfaction of the requirements of Health and Safety Code Section 33413(b)(2).

AGREEMENT

NOW, THEREFORE, in consideration of the benefits received by the Owner and the City, the Owner and the City agree, as follows:

1. DEFINITIONS

The following terms are specially defined for this Agreement:

A. "Affordable Purchase Price" shall mean the maximum purchase price for Low Income (80% AMI) housing, adjusted for number of bedrooms, as adopted annually by the City Council of the City.

B. "Affordable Rent" shall mean the lesser of the actual housing costs (including mortgage, homeowners' insurance, hazard and flood insurance, homeowners' association dues) or City affordable rental maximum plus reasonable and customary property management services fee.

C. "City Option" shall mean the City's option to purchase Residence as defined in Section 15.A.

D. "Excess Rental Proceeds" shall mean all rental proceeds collected by the Owner that exceed the Affordable Rent.

E. "Excess Sales Proceeds" shall mean the portion of the gross sales proceeds received by the Owner from a subsequent purchaser, which exceeded the Affordable Sales Price for the Residence that is due to the City. The amount of Excess Sales Proceeds due to the City shall be no greater than the equivalent amount of 3% compounded annual interest on the principal amount of the City Note for a maximum of twenty (20) years. The actual amount of excess sales proceeds due to the City shall be calculated according to the number of years Borrower has held the City's Note.

F. "Fair Market Value" shall be determined by an appraisal of the Residence performed as provided in the Resale Restriction Agreement. Nothing in this subparagraph shall preclude the Owner and the City from establishing the Fair Market Value of the Residence by mutual agreement in lieu of an appraisal.

G. "First Lender" shall mean

H. "First Lender Deed of Trust" shall mean the deed of trust from Owner to

I. "First Lender's Loan" shall mean the loan to Owner made by and any loan to Owner in the name of or held by CalHFA.

J. "Median Income" shall mean the median annual income, adjusted for household size, for a household in Alameda County as published by the California Department of Housing and Community Development.

K. "Proposed Purchaser" shall mean the potential home buyer proposed by the Owner to purchase the Residence from the Owner.

L. "Sales Price" shall mean the maximum sales price that the Owner may receive for any Transfer of the Residence to an eligible Purchaser, as calculated in accordance with Section 14 below.

M. "Transfer" shall mean any sale, assignment or transfer, voluntary or involuntary, of any interest in the Residence, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, (other than as may be permitted in Section 8 of the Resale Restriction Agreement) or an interest evidenced by a land contract by which possession of the Residence is transferred and Owner retains title, or deed of trust.

A Transfer shall not include a transfer by gift, devise or inheritance: (i) to an existing spouse, domestic partner, surviving joint tenant, or child; (ii) by an Owner to a spouse or domestic partner where the spouse or domestic partner becomes the co-owner of the Residence; (iii) between spouses as part of a marriage dissolution proceeding; (iv) to an existing spouse or domestic partner of Owner by devise or inheritance following the death of Owner; (v) by Owner into an inter vivos trust in which Owner is the beneficiary; or (vi) refinance of the First Mortgage meeting the requirements of Section 17 of this Agreement; provided, however, that Owner shall provide written notice of all such transfers to City; and Owner shall continue to occupy the Residence as his or her principal place of residence (except where the transfer occurs pursuant to subsection (iii) or (iv) above, in which event the transferee shall owner-occupy the Residence and affirmatively assume Owner's obligations under this Agreement and the City Note.

2. DESCRIPTION OF PROPERTY

This Agreement concerns the real property commonly known as, _____, Livermore, California, (the "Residence"), which is more fully described in Exhibit A attached hereto and incorporated by reference.

3. TERM OF AGREEMENT

The term of this Agreement shall commence as of the date of this Agreement and shall expire on that date fifty-five (55) years from the date of this Agreement (the "Term").

4. OWNER CERTIFICATIONS; OWNER OCCUPANCY MONITORING

The Owner certifies that all financial and other information provided in order to qualify to purchase the Residence is true and correct as of the date first written above.

The Owner further covenants and agrees to occupy the Residence as Owner's primary residence for the duration of Owner's ownership and shall not rent or lease the property or portion thereof during the Term of this Agreement without prior written approval of City. The Owner shall be considered as occupying the Residence if the Owner is living in the Residence for at least ten months out of each calendar year. The City may grant a temporary waiver of this occupancy requirement for good cause in its sole discretion. Without limiting the generality of the foregoing, any absence from the Residence by Owner for a period 60 days or more days shall be deemed an abandonment of the Residence as the primary residence of Owner in violation of the conditions of this Section 4. On or before May 1 of each calendar year, the Owner shall provide an annual written certification to the City, in the form shown in Exhibit C, that the Owner is occupying the Residence as Owner's principal place of residence, and that Owner is not renting the Residence, or any portion thereof, to another party. Owner shall comply with all applicable laws relating to the use and maintenance of the Residence, including but not limited to the City of Livermore Municipal Code, City of Livermore Planning and Zoning Code, and all other local, state and federal laws.

5. NO CRIMINAL ACTIVITY

Owner agrees that no resident residing on the Property, their guests or persons under their control shall permit, engage in, or facilitate criminal activity on the Property, in any building on the Property, or in the streets bordering the Property. This includes, without

limitation the foregoing: (i) the illegal manufacture, sale, distribution, use or possession with the intent to manufacture, sell, distribute or use a controlled substance as defined in Section 102 of the Controlled Substances Act (21 U.S.C. § 802); (ii) the unlawful discharge of firearms; and (iii) all acts or threats of violence, harming, or intending to harm a person or property.

6. NO RENTING OR LEASING OF HOME

The Owner shall not rent or lease the Residence, or any portion thereof, to another party, unless such rental or lease is first approved in writing by the City. The City shall approve the renting or leasing of the Residence only if *all* of the following conditions are met: (1) the term of the rental or lease is not greater than twelve (12) months and cannot be extended without City approval; (2) the Owner demonstrates to the City's reasonable satisfaction that the Owner will incur substantial hardship, that would at the City's discretion not otherwise be remedied through the sale of the property, if he or she is not permitted to rent or lease the Residence to a third party; (3) the tenant qualifies as an Income Eligible Household, as certified to the City, and (4) the rent for the Residence does not exceed the Affordable Rent. Any rental or lease of the Residence in violation of this Agreement is prohibited, and shall be a default under this Agreement and the City Deed of Trust. The Owner further agrees that, in the event the Owner rents or leases the Residence to a third party in violation of this Section 6, any Excess Rental Proceeds paid to the Owner by the lessee over the Affordable Rent shall be due and payable to the City immediately upon receipt thereof by the Owner. Owner agrees that the collection of rents shall be monitored and administered through an independent, licensed property manager who shall be pre-approved by the City. Such Excess Rental Proceeds shall be considered a recourse debt of the Owner to the City, as evidenced by the Note, which the City may collect by legal action against the Owner, including by foreclosure under the City Deed of Trust. The Owner hereby agrees that City shall not be responsible for any relocation, eviction, legal or moving expenses if the lessee is required to vacate the premises.

7. MAINTENANCE AND INSURANCE REQUIREMENTS

A. Maintenance. The Owner shall maintain the Residence, including landscaping, in good repair and in a neat, clean and orderly condition (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and

officials. Owner will not permit deterioration of the Residence, and shall make all repairs and replacements necessary to keep the Residence in good condition and repair. Failure by the Owner to maintain the Residence shall constitute a default under this Agreement for which the City may exercise the City Option to purchase the Residence pursuant to Section 15 below. In case of default, funds to clean-up or repair damage to the property shall come from the Owner.

B. Insurance. The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Residence (adjusted every five (5) years by appraisal, if requested by City), naming the City as an additional insured. Additional insurance requirements are set forth in Section 2 of the City Deed of Trust. The Owner shall provide the City with evidence of required insurance coverage upon request of the City.

8. SALE AND TRANSFER RESTRICTIONS

A. Prohibition on Transfer. Any Transfer without satisfaction of the provisions of this Agreement is prohibited and shall constitute a default by Owner for which the City may exercise the City Option pursuant to Section 15 below.

B. Inheritance. In the event a Transfer occurs by devise or inheritance due to death of the Owner, the administrator of the Owner's estate or the person inheriting the Residence shall provide written notice to the City of the Owner's death within thirty (30) days of the date of death and the following procedures shall apply:

1. If the person inheriting the Residence (the "Inheriting Owner") is a qualified inheritor under the City's definition of eligible parties not subject to Transfer (an "Inheriting Party"), that person shall provide the City documentation of his or her qualifications as an Inheriting Party, to be verified by the City. If the Inheriting Party fails to provide required documentation demonstrating the his or her relationship to the Owner within 60 days of the date of the Owner's death, the party shall be deemed not to qualify as an Inheriting Party. The Inheriting Party shall succeed to the Owner's interest and obligations under this Agreement, the City Note, and the City Deed of Trust and shall execute an assumption agreement containing the terms of the Agreement, City Note and Deed of Trust between the Inheriting Owner and the City and recorded against the Residence.

2. If the Inheriting Owner is not a qualified Inheriting Party, he or she shall Transfer the Residence to an Eligible Purchaser at a price not exceeding the Affordable

Purchase Price, pursuant to the procedures set forth in Sections 9 through 14 below and the City may exercise the City Option pursuant to Section 15 below. Prior to initiating a Transfer pursuant to this section, the Inheriting Owner shall provide the City with an Owner's Notice of Intent to Sell within sixty (60) days of the date of death of the Owner.

3. Failure of an Inheriting Owner to follow the procedures and file the notices described in this Section 8 shall constitute a Default under this Agreement and the City may then exercise any of the remedies set forth in Section 18 below, including, without limitation, exercise of the City Option upon Default.

9. NOTICE OF INTENDED TRANSFER

In the event the Owner intends to Transfer or vacate the Residence, the Owner shall promptly notify the City in writing of such intent. The written notice shall be given in accordance with Section 26 of this Agreement at least one hundred twenty (120) days prior to the actual date of the Transfer or vacation of the Residence, or such other time period as may be mutually agreed upon by the Owner and the City. Said notice from the Owner shall be sent by certified mail, return receipt requested. Following receipt of such notice, the City may notify the Owner within thirty (30) days regarding exercise of the City Option. If the City chooses not to exercise the City Option, City will notify prospective Eligible Purchasers of the Residence that the Residence is available for purchase and shall further provide a Response Notice to Owner that will include the following information: (1) the maximum qualifying income for an Eligible Purchaser; (2) the certifications required of an Eligible Purchaser; and (3) the Sales Price the Owner may receive for the Residence, calculated by the City pursuant to Section 14 below. The Owner may receive referrals for Eligible Purchasers by the City and or its approved homeownership counseling provider for a reasonable administrative fee.

10. REPAYMENT OF CITY NOTE UPON TRANSFER BY OWNER

If a Transfer of the Residence occurs to other than an Eligible Purchaser, the Owner shall pay all amounts due under the City Note (Exhibit B). Thereafter, this Agreement shall terminate and have no further effect.

11. ASSUMPTION OF THE CITY NOTE

If the Owner transfers the Residence to an Eligible Purchaser in a transaction that

meets the Eligible Transfer requirements of Section 13 of this Agreement, the City will allow the Eligible Purchaser to assume the obligations under the City Note and the City Deed of Trust, subject to the Eligible Purchaser executing a new promissory note in the amount of the difference between the Fair Market Value and the Affordable Sales Price at the time of Transfer and a new deed of trust in favor of the City and a new resale restriction agreement. Upon the approval of an Eligible Purchaser's assumption of the Owner's obligations under the City Note and the City Deed of Trust and the execution of a new promissory note, deed of trust and resale restriction agreement by the Eligible Purchaser, the City shall release the Owner from any obligations under this Agreement, the City Note, and City Deed of Trust. The Eligible Purchaser's assumption of the Owner's obligations under the City Note and City Deed of Trust shall be credited by Owner to the Eligible Purchaser as a partial payment of the purchase price for the Residence in the amount of the City Note.

12. TRANSFER BY OWNER

The Owner may sell the Residence to a person of the Owner's choosing (the "Proposed Purchaser") on the terms set forth in this Section.

A. Transfer to Ineligible Purchasers. If the Owner Transfers the Residence in a transaction that does not meet the Eligible Transfer requirements of Section 13 below, the Owner shall first pay (i) all of the principal and interest due to the First Lender, and (ii) all principal and amounts owed on the City Note. Thereafter this Agreement shall terminate and have no further effect.

B. Transfer to Eligible Purchaser. If the Owner Transfers the Residence in a transaction that meets the Eligible Transfer requirements of Section 13 below, the City shall allow the obligations under the City Note to be assumed by the Eligible Purchaser pursuant to Section 13. A. (5) and (6) of this Agreement. The maximum amount that the Owner may receive for the Transfer after the payment of customary and reasonable closing costs for the sale of the Residence shall be lesser of: 1) the Fair Market Value of the Residence; or 2) the Affordable Purchase Price in effect at the date of sale as established by Council, subject to any adjustments due to Advances by the City or as described further in Section 14.

13. ELIGIBLE TRANSFER

A transfer that meets the requirements set forth in this Section shall qualify as an approved Transfer to an Eligible Purchaser ("Eligible Transfer").

A. Disclosures and Submittals. The Owner and the Proposed Purchaser shall provide the following information to City:

1. The name, address and telephone number in writing of the Proposed Purchaser.

2. A signed financial statement of the Proposed Purchaser in a form acceptable to the City and any other supporting documentation requested by the City. The financial information shall be used by the City to determine the income eligibility and credit worthiness of the Proposed Purchaser.

3. The proposed sales contract and all other related documents, which shall set forth the terms of the sale of the Residence, including the following terms:

   a. The sales price, setting out the amount of the first loan and the amount of the City Note which is to be assumed; and

   b. The price to be paid by the Proposed Purchaser for the Owner's personal property, if any, and for the services of the owner, if any.

4. A written certification, from the Owner and the Proposed Purchaser, in a form acceptable to the City that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the City. The certification shall also provide that the Proposed Purchaser or any other party has not paid and will not pay to the Owner, and the Owner has not received and will not receive from Proposed Purchaser or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to the City, including personal property. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the City, the City shall have the right to file an action at law or in equity to make the parties terminate and/or rescind the sales contract and/or declare the sale void, notwithstanding the fact that the sale may have closed and become final as between the Owner and the Proposed Purchaser. In any event, any costs, liabilities or obligations incurred by Owner and/or the Proposed Purchaser for the return of any moneys paid or received in violation hereunder or for any costs and legal expenses, shall be borne by Owner and/or the Proposed Purchaser and they shall hold the City harmless and reimburse their expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Agreement. An executed resale restriction agreement by the Proposed Purchaser with substantially the same provisions as this Agreement and subject to City approval. The recordation of the resale restriction agreement shall be a condition of the City's approval of the proposed sale. The City may require the Proposed Purchaser to pay a reasonable fee to the City and reimburse it for out of pocket costs to

cover the costs of administering its rights and obligations under this Agreement.

5. An executed deed of trust and a promissory note from the Proposed Purchaser in favor of the City except that the principal amount of the new promissory note shall equal the difference between the Fair Market Value and the Affordable Purchase Price at the time of Transfer. The new promissory note shall be subject to the Affordable Homeownership Program terms at the time of Transfer.

6. Upon the close of the proposed sale, certified copies of the recorded deed of trust, a copy of the recorded resale restriction agreement, a copy of the final sales contract, settlement statement, escrow instructions, and any other document which the City may reasonably request.

B. Eligibility Of Purchaser. A purchaser who meets the following requirements shall be an Eligible Purchaser ("Eligible Purchaser"):

1. Each purchaser shall certify that he or she will occupy the Residence as his or her principal residence. The Residence shall be considered the principal residence of the purchaser if the purchaser lives in the Residence for at least ten (10) months out of each calendar year.

2. The combined income for all household members of the purchaser does not exceed the lesser of (i) Eighty percent (80%) of median income of Alameda County, adjusted for actual household size, as published by the California Department of Housing and Community Development, or (ii) the qualifying limits for lower income households as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, adjusted for actual household size, as published by the California Department of Housing and Community Development.

14. DETERMINATION OF SALES PRICE

A. To Eligible Purchaser. The maximum sales price (the "Sales Price") that the Owner may charge for a Transfer of the Residence to an Eligible Purchaser shall be lesser of: (i) the Fair Market Value of the Residence; or (ii) the Affordable Purchase Price, plus the amount of the Excess Sales Proceeds. In the event that the sum of the Affordable Purchase Price plus the amount of the Excess Sales Proceeds under the City Note exceeds the Fair Market Value of the Residence, the amount of the City Note shall be reduced until the sum of the Affordable Purchase Price plus the amount of the City Note equals the Fair Market Value. No adjustments to the Affordable Purchase Price shall be made for any

improvements or upgrades to the unit.

B. Adjustments to Owner's Net Proceeds Sales Price. The owner's net proceeds may be decrease by the amount necessary to repair damage to the Residence, if any, and to place the Residence into saleable condition as reasonably determined by the City including, without limitation, amounts attributed to cleaning; painting; replacing worn carpeting and window coverings; making necessary structural, mechanical, electrical and plumbing repairs; addressing damage noted in the pest report, and repairing or replacing built-in appliances and fixtures. Owner hereby covenants to, at Owner's expense, maintain the Residence in the same condition as in existence on the date of City's Notice of Exercise, reasonable wear and tear excepted to cover any advances made by the City.

C. To Ineligible Purchaser. The sales price that the owner may charge for a Transfer of the Residence to an Ineligible Purchaser shall be reached by mutual consent between the owner and buyer of the residence. If the residence is sold to an ineligible purchaser the owner will be subject to conditions set forth in Section 12. A. of this Agreement.

D. Payment to City of Excess Sales Proceeds. If the Owner Transfers the Residence at an unrestricted price pursuant to this Section 14, or if the Owner makes a Transfer in violation of this Agreement, the Owner shall pay the principal balance of the City Note plus any Excess Sales Proceeds to the City.

15. OPTION TO PURCHASE

A. City Option to Purchase. Owner hereby grants to the City an option to purchase all of Owner's right, title and interest in and to the Residence ("City Option") upon the occurrence of an Option Event as defined in Section 15. C. below, subject to the terms and conditions contained herein.

B. Assignment of the City Option. The City may assign the City Option to another government entity, a nonprofit affordable housing or service provider, or a person or family that qualifies as an Eligible Purchaser. The City's assignment of the City Option shall not extend any time limits contained herein with respect to the exercise period of the City Option or the period within which the Residence must be purchased.

C. Events Giving Rise to Right to Exercise Option. The City shall have the right

to exercise the City Option upon the occurrence of any of the following events (each an "Option Event"):

1. Receipt of a Notice of Intent to Transfer (as defined in Section 9);
2. Any actual, attempted or pending sale, conveyance, transfer, lease or other attempted disposition of the Residence or of any estate or interest therein, except as defined as Events not constituting a Transfer in Section 1.M.;
3. Any actual, attempted or pending encumbrance of the Residence, including without limitation by way of mortgage or deed of trust, or by judgment, mechanics, tax or other lien, except as provided in Section 17 below;
4. Recordation of a notice of default and/or notice of sale pursuant to California Civil code section 2924 (or successor provisions) under any deed of trust or mortgage with a power of sale encumbering the Residence;
5. Commencement of a judicial foreclosure proceeding regarding the Residence;
6. Commencement of a proceeding or action in bankruptcy, whether voluntary or involuntary, pursuant to Title 11 of the United States Code or other bankruptcy statute, or any other insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship, concerning the Owner; or
7. Any violation by Owner of any provision of this Agreement including, without limitation, the conditions set forth in Sections 4, 5, 6, and 7 above.

16. FAIR MARKET VALUE

If it is necessary to determine the Fair Market Value of the Residence, the Fair Market Value shall be determined by a real estate appraiser approved by the Owner and the City. The cost of the Appraisal shall be borne equally by the Owner and the City. Nothing in this section shall preclude the Owner and the City from establishing the fair market value of the Residence by mutual agreement in lieu of an appraisal pursuant to this section.

17. REFINANCING OF THE RESIDENCE

If authorized by a First Lender, Owner may refinance the First Lender's loan provided the loan amount of such refinancing does not exceed the then outstanding balance of the First Lender's loan plus 2% non-recurring closing costs. However, Owner may not refinance a First Lender's loan with a loan that contains any provisions for negative amortization or

balloon payments. Upon Owner's request, the City shall subordinate the City Deed of Trust to a deed of trust or mortgage made by or held by an institutional lender or investor which is given in connection with any refinancing of the First Lender's Loan which meets the criteria set out in this Section 17 of this Agreement.

18. DEFAULTS AND REMEDIES / DEFAULT BY OWNER

Upon a violation of any of the provisions of this Agreement by the Owner, the City shall give written notice to the owner specifying the nature of the violation. If the violation is not corrected to the satisfaction of the City within thirty (30) days after the date the notice is mailed, or within such further time as the City determines is necessary to correct the violation, the City may declare a default under this Agreement. Upon the declaration of a default or if the Owner makes any misrepresentation in connection with receiving any benefits under this Agreement, the City may: (a) declare all amounts due under the City Note immediately due and payable without further demand and may invoke the Power of Sale under the Deed of Trust; and/or (b) exercise the City Option; and/or (c) apply to a court of competent jurisdiction for specific performance of this Agreement, for an injunction prohibiting a proposed sale or transfer in violation of this Agreement, for a declaration that a transfer in violation of this Agreement is void, or for any such other relief at law or in equity as may be appropriate.

19. NOTICE OF DEFAULT AND FORECLOSURE

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Residence shall be recorded by the City in the Office of the Recorder of Alameda County for the benefit of the City. The City may declare a default under this Agreement upon receipt of any notice given to the City pursuant to Civil Code Section 2924b, and may exercise its rights as provided in Section 15 of this Agreement.

In the event of default and foreclosure, the City shall have the same right as the Owner to cure defaults and redeem the Residence prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the City to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

If the City failed to file the request for notice of default, the City Option shall commence from the date the notice of default is given by the City to the Owner.

20. BINDING EFFECT

This Agreement shall bind, and the benefit hereof shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the City and its successors, until the earlier of (a) the date the City Note is repaid, or (b) the date of a Transfer of the Residence to an Eligible Purchaser in accordance with Section 12. B. above, or (c) at least 55 years from the date of this Agreement.

21. SUPERIORITY OF AGREEMENT

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between and among the owner, the City and their respective successors.

22. RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUSTS

Notwithstanding any other provision hereof, this Agreement shall not diminish or affect the rights of a First Lender under the First Lender's Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Residence and the provisions of this Agreement shall be subordinate to the lien of a First Lender Deed of Trust and shall not impair the rights of a First Lender, or such lender's assignee or successor-in-interest (including but not limited to the United States Department of Housing and Urban Development (HUD), Federal National Mortgage Association (FNMA), or the Veterans Administration, if applicable), to exercise its remedies under the First Lender Deed of Trust in the event of default under the First Lender Deed of Trust by the Owner. Such remedies under a First Lender Deed of Trust include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Agreement shall be forever terminated and shall have no further effect as to the Residence or any transferee thereafter; provided, however, if the holder of such First Lender Deed of Trust acquired title to the Residence pursuant to a deed or assignment in lieu of foreclosure this Agreement shall automatically terminate upon such acquisition of title, provided that (i) the City has been given written notice of default under such First Lender Deed of Trust, which requirement shall be satisfied by recordation of a notice of default under California Civil Code Section 2924, and (ii) the City shall not have cured the default under the First Lender Deed of Trust within ninety (90) days of such notice.

23. AMENDMENTS AND MODIFICATIONS

This Agreement, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of any party hereto, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

24. SEVERABILITY

If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or condition and the validity or enforceability of the remaining terms, covenants or conditions shall not in any way be affected.

25. CONTROLLING LAW

The terms of this Agreement shall be interpreted under the laws of the State of California.

26. NOTICES

Notices under this Agreement must be delivered to the addresses below by deposit in the United States mail or by overnight delivery service, with postage prepaid and delivery confirmation and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

To the Owner:

To the City: City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550
Attn: City Manager

27. INTERPRETATION OF AGREEMENT

The terms of this Agreement shall be interpreted so as to avoid speculation on the Residence and to insure to the extent possible that its sales price and mortgage payment remain affordable to persons and families of low income.

28. EXHIBITS

Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

29. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

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

CITY OF LIVERMORE:

By:_____
Marianna A. Burch, City Manager

OWNER:

_____

Approved as to form:

_____
Name:
Deputy/Assistant/Senior Assistant
City Attorney for City of Livermore

CO-OWNER:

_____

Exhibits

A Residence Description
B City Note (Blank Form)
C Annual Compliance Report Owner Occupancy Certification (Blank Sample Form)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certification is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
}
County of Alameda }

On _____, before me, _____, Notary Public, personally appeared , who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____ (Seal)
Signature of Notary Public

EXHIBIT 'A'

Legal Description

EXHIBIT 'B'

City Note

NOTICE TO BORROWER: **Loan No.**

THIS DOCUMENT CONTAINS PROVISIONS
RESTRICTING RESALES AND ASSUMPTIONS

PROMISSORY NOTE

Secured by a Deed of Trust

$ Dated: _____

Livermore, California

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay to the order of the City of Livermore, a municipal corporation (the "City") at 1052 South Livermore Ave., Livermore, California, or such other place as the City may designate in writing, the principal sum of $ plus any amounts due the City as Excess Sales Proceeds.

1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Resale Restriction Agreement, executed by the parties and of even date herewith.

2. Purpose of City Note. Borrower is purchasing the Residence pursuant to the City's Affordable Homeownership Program, which makes homes available at a price affordable to low or moderate income households. Pursuant to the City's Affordable Housing Ordinance, Livermore Development Code Section 10.06.050, the purchase price of the Residence is substantially below the market value to ensure the Residence will be affordable for purchase by low to moderate income households. Because the purchase price has been set below the market value, the Borrower is required and has agreed to execute a Resale Restriction Agreement that restricts the price of the Residence upon resale and requires the Borrower to pay any Excess Sales Proceeds to City upon resale . In addition, the Resale Restriction Agreement prohibits the renting or leasing of the Residence except with prior written approval of the City.

3. Borrower's Obligation. This Note evidences the Borrower's obligation to pay the City the principal amount of Dollars ($) plus Excess Sales Proceeds for the repayment of the financial assistance provided to the Borrower by the City in connection with the purchase of the Residence as defined in section 5, below and as defined in the Resale Restriction Agreement.

4. Security. This Note is secured by a Deed of Trust (the "Deed of Trust") dated the same date as this Note recorded against the property located at , Livermore, California (the "Residence").

5. Repayment. The total amount of the principal and any Excess Sales Proceeds owed under this Note shall immediately become due and payable (i) in the event of an uncured default by Borrower under this Note, the Deed of Trust, or the Resale Restriction Agreement between the City and Borrower, or (ii) on the date a Transfer is made to other than an Eligible Purchaser whether voluntarily, involuntarily, or by operation of law and whether by deed, contract of sale, gift, devise, bequest or otherwise

There shall be no payments due on amounts owed under this Note so long as the Borrower owns the Residence and is not in violation of any provisions of this Note, the Resale Restriction Agreement, or the Deed of Trust. This Note is due and payable upon sale or transfer of title.

At the request of the Borrower, the City shall relieve Borrower of all obligations under this Note, provided that the Residence is sold to an Eligible Purchaser pursuant to the Resale Restriction Agreement, and the Eligible Purchaser executes a new resale restriction agreement, deed of trust, and a new promissory note pursuant to provisions of the Resale Restriction Agreement.

The City shall forgive the principal due under this Note at the time of a Transfer or repayment of this Note to the extent necessary to ensure that the Borrower's obligations to repay the principal due on this Note and on all promissory notes secured by deeds of trust superior to the Deed of Trust do not exceed the Fair Market Value of the Residence.

6. Assumption of Note is Restricted. Borrower acknowledges that this Note is given in connection with the purchase of the Residence as part of a program of the City to assist in the purchase of homes by low to moderate-income persons. Consequently, this Note is not automatically assumable, but is subject to Section 711.5 of the California Civil Code, which allows the City to accelerate all amounts due under this Note if any subsequent sale or transfer of the Residence of any kind does not comply with the provisions of the Resale Restriction Agreement executed between the Borrower and the City and dated the same date as this Note.

7. Prepayments. Borrower may prepay all or any amount of the principal balance due under this Note.

8. Default and Acceleration. Upon the occurrence of an uncured default under this Note, the Resale Restriction Agreement or the Deed of Trust, the City shall have the right to declare the full amount of the principal along with any Excess Sales Proceeds under this Note immediately due and payable. Any failure by the City to pursue its legal and equitable remedies upon default shall not constitute a waiver of the City's right to declare a default and exercise all of its rights under this Note, the Deed of Trust, and the Resale Restriction Agreement. Nor shall acceptance by the City of any payment provided for herein constitute a waiver of the City's right to require prompt payment of any remaining principal and interest owed.

9. No Offset. Borrower hereby waives any rights of offset it now has or may hereafter have against the City, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

10. Waiver; Attorneys' Fees. Borrower and any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, dishonor and non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys fees. If an action is instituted on this Note, the undersigned promises to pay, in addition to the costs and disbursements allowed by law, such sum as a court may adjudge reasonable as attorneys' fees in such action.

11. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. No Waiver by the City. No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of the City to take, or any delay by the City in taking, action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of the Note must be made in writing and shall be limited to the express written terms of such waiver.

13. Joint and Several Obligations. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

14. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

15. Non-recourse; Assignment by City. This Note constitutes a portion of the unpaid balance of the purchase price of the Residence. Borrower shall have no personal liability for any deficiency on this Note and the only remedy available to the City or any holder in due course shall be foreclosure pursuant to law as provided in the Deed of Trust. The City may assign its right to receive the proceeds under this Note to any person and upon notice to Borrower by the City all payments shall be made to the assignee.

DATE: BORROWER:

_____

DATE: CO-BORROWER:

_____

EXHIBIT 'C'

LIVERMORE
CALIFORNIA

Annual Compliance Report

Owner Occupancy Certification

Due by June 1st Annually

Address: _____ Livermore CA

I/We hereby certify that I/we have continuously occupied the unit located at the above named address as our Primary Residence as defined according to the City's loan documents. I/We understand that failure to occupy the unit as our Primary Residence shall be cause for default under the City's loan agreements.

Signature(s): Date:

_____ _____

_____

☐ Copy of the most current (May) mortgage statemen included

☐ Copy of the most current (April) PG&E statement/bill included (first page only).

☐ Copy of current Driver's License

Changes to phone or email contact? Please update here:

_____

For concerns about providing this information, changes in property owner status or other questions, please contact the City's Housing and Human Services Division at (925)960-4580.

Mail or deliver completed form and documents to:

City of Livermore
Housing and Human Services Division
1052 S. Livermore Avenue
Livermore, CA 94550

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.4**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Execution of an Affordable Housing Agreement and a Regulatory Agreement and Declaration of Covenants and Restrictions with Livermore Multifamily, LLC for the 210-unit, multifamily rental development, located approximately at the northeast corner of Portola Avenue and Collier Canyon Road (Vesting Tentative Tract Map 8613)

RECOMMENDED ACTION

Staff recommends that the City Council adopt a resolution authorizing the City Manager, or her designee, to execute an Affordable Housing Agreement and a Regulatory Agreement and Declaration of Covenants and Restrictions with Livermore Multifamily, LLC for the 210-unit, multifamily rental development located approximately at the northeast corner of Portola Avenue and Collier Canyon Road (Vesting Tentative Tract Map 8613).

DECISION TYPE

Administrative

SUMMARY

On July 25, 2022, City Council approved Vesting Tentative Tract Map 8613 for the Shea Serenity development, which includes a 210-unit mixed-income, multi-residential apartment project located approximately at the northeast corner of Portola Avenue and Collier Canyon Road. In accordance with the project Conditions of Approval and the Livermore Development Code, the developer, Shea Homes, is required to provide 42 affordable units within the development that will be rent-restricted and available to households at Very Low-, Low-, Median-, and Moderate-Income levels. Shea will integrate the affordable units throughout the project, ensuring they are comparable in design, amenities, and finishes to market-rate units, with specific unit allocations by bedroom size as outlined in the Affordable Housing Agreement. Affordable rents will be based on income limits published annually by the California Department of Housing and Community Development and adopted by the City. Tenant selection will follow City guidelines, including any applicable preference programs. The multifamily project owner, Livermore Multifamily, LLC, is also required to enter into a Regulatory Agreement with the City, in the form attached to the Affordable Housing Agreement, that establishes covenants and restrictions on operations which run with the land for a term of 55 years.

DISCUSSION

Shea Homes proposes to construct a mixed-income, multi-residential apartment project consisting of 210-rental units on Lot 14 of Vesting Tentative Tract Map 8613. Subject to the project Conditions of Approval and Chapter 11.70 of the Livermore Development Code, a 20% Inclusionary Housing requirement applies to projects within the Isabel Neighborhood Plan Area, including six percent (6%) reserved at Very Low-Income (50% of Area Median Income), seven percent (7%) at Low-Income (80% of Area Median Income), four percent (4%) at Median-Income (100% of Area Median-Income) and the balance at Moderate-Income (120% of Area Median Income).

To comply with the City's affordable housing requirements, the Developer will provide 42 affordable units within the development. These units will be distributed among Very Low-, Low-, Median-, and Moderate-Income households, with specific allocations by bedroom size as outlined in the Affordable Housing Agreement (the "AHA"). The affordable units will be integrated throughout the project and constructed to the same standards as market-rate units, including comparable amenities, fixtures, and finishes. Affordable rents will be based on income limits published annually by the California Department of Housing and Community Development and adopted by the City. The agreement also allows flexibility in unit location over time to maintain equitable distribution and compliance with affordability standards.

As part of the agreement, the project owner will be required to enter into a Regulatory Agreement and Declaration of Covenants and Restrictions (Attachment 4 to the AHA). The Regulatory Agreement ensures long-term compliance with the City's affordable housing requirements, establishes covenants and restrictions that run with the land for a term of 55 years, and guarantees that 42 designated units remain affordable to households at Very Low-, Low-, Median-, and Moderate-Income levels.

Key provisions include:

- Affordability Requirements: Affordable rents are capped at 30% of household income, adjusted for family size and utility allowances, and updated annually based on state and City schedules.
- Unit Standards and Distribution: Affordable units must be comparable in size, amenities, and finishes to market-rate units and equitably distributed throughout the development.
- Tenant Eligibility and Selection: Households must meet income limits (50%–120% of area median income), with annual income certifications required. The agreement incorporates the City's Preference Plan for Livermore residents and employees during initial lease-up.
- Marketing and Management: The project owner must implement City-approved marketing and tenant selection procedures, maintain waiting lists, and provide annual compliance reports.
- Monitoring and Enforcement: The City retains rights to audit records, impose penalties for noncompliance, and require corrective actions. The project owner is responsible for annual monitoring fees and maintaining the property in good condition.
- Legal and Financial Provisions: The agreement includes nondiscrimination covenants, indemnification clauses, lender cure rights, and subordination provisions to facilitate financing.

Staff recommends that the City Council approve execution of the Affordable Housing Agreement and the Regulatory Agreement with Livermore Multifamily, LLC as they comply with the City's Development Code requirements for inclusionary housing and will preserve affordable housing opportunities in Livermore, ensuring compliance with inclusionary housing policies over the long term.

FISCAL AND ADMINISTRATIVE IMPACT

There is no direct fiscal impact to the City associated with this agreement beyond staff time required for monitoring compliance and administering preference programs. The Developer will bear the cost of constructing and maintaining the affordable units.

COMMUNITY PILLAR

1: A Safe Community that Thrives

GOAL

7: Expand and preserve the supply of affordable housing opportunities.

ATTACHMENTS

1. Resolution
2. Exhibit A - Affordable Housing Agreement
3. Exhibit B - Regulatory Agreement and Declaration of Covenants and Restrictions

Prepared by: Fran Earl
Housing and Human Services Manager

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING EXECUTION OF AN AFFORDABLE HOUSING AGREEMENT AND A REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS WITH LIVERMORE MULTIFAMILY, LLC FOR THE 210-UNIT, MULTIFAMILY RENTAL DEVELOPMENT, LOCATED APPROXIMATELY AT THE NORTHEAST CORNER OF PORTOLA AVENUE AND COLLIER CANYON ROAD

(VESTING TENTATIVE TRACT MAP 8613)

On July 25, 2022, City Council approved Vesting Tentative Tract Map 8613 for the Shea Serenity development, which includes a 210-unit mixed-income, multi-residential apartment project located approximately at the northeast corner of Portola Avenue and Collier Canyon Road.

In accordance with the project Conditions of Approval and the Livermore Development Code, the developer, Shea Homes, is required to provide 42 affordable units within the development that will be rent-restricted and available to households at Very Low-, Low-, Median-, and Moderate-Income levels.

Shea will integrate the affordable units throughout the project, ensuring they are comparable in design, amenities, and finishes to market-rate units, with specific unit allocations by bedroom size as outlined in the Affordable Housing Agreement. Affordable rents will be based on income limits published annually by the California Department of Housing and Community Development and adopted by the City. Tenant selection will follow City guidelines, including any applicable preference programs.

The multi-family project owner, Livermore Multifamily, LLC, is also required to enter into a Regulatory Agreement with the City, in the form attached to the Affordable Housing Agreement, that establishes covenants and restrictions on operations which run with the land for a term of 55 years.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that the City Manager, or her designee, is authorized to execute an Affordable Housing Agreement (Exhibit A) and a Regulatory Agreement and Declaration of Covenants and Restrictions (Exhibit B) with Livermore Multifamily, LLC for the 210-unit, multifamily rental development located approximately at the northeast corner of Portola Avenue and Collier Canyon Road (Vesting Tentative Tract Map 8613), and approve minor amendments to the agreements attached hereto.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Daniel Gonzales
Daniel Gonzales
Deputy City Attorney

Exhibit A – Affordable Housing Agreement
Exhibit B – Regulatory Agreement and Declaration of Covenants and Restrictions

Recording Requested By:
CITY OF LIVERMORE
And When Recorded Mail to:
City of Livermore
1052 S. Livermore Avenue
Livermore, CA 94550
Attention: City Clerk

Documentary Transfer Tax $ Exempt R&T Code 11922

By: _____
City of Livermore
Recording Fee $0.00 Gov't Code 27383

APN: 903-0010-029 (PORTION) & 903-0010-030 (PORTION)

Affordable Housing Agreement between City of Livermore and Livermore Multifamily , LLC

This Affordable Housing Agreement ("Agreement") is entered into on_____, 2026 by and between City of Livermore, a municipal corporation ("City"), and Livermore Multifamily, LLC ("Developer"), with reference to the following facts:

RECITALS

A. A serious shortage of affordable housing exists in City. Of particular concern is the shortage of housing for low-income and moderate-income households.

B. City commissioned a study, the Residential Nexus Analysis and Residential Feasibility Analysis, to determine the impact that residential units have on the need to meet affordable housing as the basis for City's inclusionary housing requirement. The analyses found that the need for affordable housing is commensurate with a 15% inclusionary requirement applicable to the General Plan Area. The feasibility analysis commissioned by City as part of the development of the Isabel Neighborhood Specific Plan (INSP) also found the 20% inclusionary requirement for the Isabel Neighborhood Specific Plan (which was applicable at the time of Developer's application to City) was developed to be economically equivalent to the 15% inclusionary requirement for the General Plan Area.

C. City's General Plan Housing Element has the goal of providing housing affordable to all economic segments of the community and requires that in the General Plan area 15% of the dwelling units be affordable, in the Downtown Specific Plan area 10% of the dwelling units be affordable, and in the Isabel Neighborhood Specific Plan Area 20% of the dwelling units be affordable, at the

time of Developer's application to City. Chapter 10.06.050 of the Livermore Development Code provides that this affordability requirement may also be satisfied by alternative means including payments to City's Housing Trust Fund for use in affordable housing projects.

D. Developer desires to build, own, and operate a multi-family residential rental development in the Isabel Specific Plan Area of City of Livermore, within Resultant Parcel A as shown and described in Attachment 1, and to enter into this Agreement to satisfy its affordable housing requirement.

AGREEMENT

NOW THEREFORE, in consideration of the terms, conditions and covenants set forth herein, City and Developer agree that the recitals are true and correct and further agree as follows:

1) Development

Developer intends to develop a mixed-income multi-residential apartment project (the "Development") located on that property identified on that certain Vesting Tentative Tract Map 8613, Lot 14 (the "Map"), located as described in Attachment 1 and consisting of two hundred ten (210) rental units ("Units").

2) Affordable Housing Requirement

a) Based on the Conditions of Approval for Vesting Tentative Tract Map 8613, and Chapter 10.06.050 of the Livermore Development Code, Developer is required to provide 42 residential units ("Affordable Units") for rent at an Affordable Rent (as hereinafter defined) to Very Low-Income, Low-Income, Median-Income and Moderate-Income households as described in Sections 2, 3 and 4 and Attachment 2 of this Agreement.

b) Satisfying the Affordable Housing Requirement

In satisfaction of the affordable housing requirement described in Section 2(a) above, Developer hereby agrees to: construct 42 Affordable Units as part of the Development, reserved for rent at prices as defined in Sections 4 and 5 below, for the following income levels and unit types:

i. Very Low Income Households: two (2) studio units, eight (8) 1-bedroom units, and four (4) 2-bedroom units.

ii. Low Income Households: eight (8) 1-bedroom units and six (6) 2-bedroom units

iii. Median Income Households: five (5) 1-bedroom units and three (3) 2-bedroom units

iv. Moderate Income Households: four (4) 1-bedroom units and two (2) 3-bedroom units.

3) Location and Description of Affordable Units

a) At initial lease-up, the Affordable Units shall be located within the Development as described in Attachment 3, attached hereto and incorporated herein. The location of the Affordable Units identified in Attachment 3 may be changed by Developer to comparable locations. The location of the Affordable Units may change over time as described in City's Regulatory Agreement in order to maintain the affordability levels described herein so long as moving the location of the Affordable Units does not result in a less equitable distribution of Affordable Units within the Development.

b) Each Affordable Unit shall:

i. be built in conformance with the plans approved in connection with Vesting Tentative Tract Map 8613 and,

ii. consist of the square feet of living space comprised of a family room, dining room, kitchen, laundry, bedrooms and bathrooms, as stated therein, and

iii. contain the same standard amenities, fixtures and finishes, such as appliances, cabinets, counters, flooring, etc., as the market rate units in the Development. Any proposed amenities, fixtures and finishes that differ from those in the market rate Units must be pre-approved by City in writing prior to marketing the Affordable Units.

4) Selection of Residents

The tenants of the Affordable Units shall qualify under the following standards, among other things:

a) For those Affordable Units designated for Very Low Income Households, each Affordable Unit shall be rented to Qualifying Households whose income does not exceed fifty percent (50%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development.

b) For those Affordable Units designated for Low Income Households, each Affordable Unit shall be rented to Qualifying Households whose income does not exceed eighty percent (80%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development.

c) For those Affordable Units designated for Median Income Households, each Affordable Unit shall be rented to Qualifying Households whose income shall not exceed one hundred percent (100%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development.

d) For those Affordable Units designated for Moderate Income Households, each Affordable Unit shall be rented to Qualifying Households whose income shall not exceed one-hundred twenty percent (120%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development.

e) The income and Affordable Rent levels described in Sections 4(a)-(d) are published annually by City and, for avoidance of doubt and demonstration purposes, the applicable 2025 levels are attached hereto as Attachment 2.

f) To the extent required under City's municipal code and to the extent permitted by California and federal law, Developer agrees to rent the Affordable Units through specified City programs to implement applicant selection preferences in accordance with City's published guidelines (the "Preference Plan").

5) Definitions for Affordable Housing Requirement:

"AFFORDABLE RENT" means the maximum monthly Rent for Affordable Units equal to thirty percent of (30%) of the income for the designated Qualifying Household as set forth in Attachment 2, "adjusted for family size appropriate to the unit" (as such term is defined by Health and Safety Code sections 50052.5 and 50053) including a reasonable allowance for tenant paid utilities (also known as Utility Allowance), set forth by the Livermore Housing Authority in their annual schedule and as adopted by City Council annually as part of the Affordable Rent schedule for City. Developer may commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent. An alternative utility allowance will be valid for the following calendar year after which -Developer will either (1) use the annual schedule adopted by City Council as part of the Affordable Rent schedule, or (2) commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent.

"AFFORDABLE UNIT" means the forty-two (42) dwelling units in the Development set aside for occupancy by Qualifying Households and initially

listed by unit numbers at Attachment 3 hereto. The location of the Affordable Units may be changed by Developer in order to maintain the affordability levels described herein so long as moving the location of the Affordable Units does not result in a less equitable distribution of Affordable Units within the Development taking into account the intent and purpose behind Attachment 3 with regard to the overall distribution of Affordable Units by quality, type, quantity, and location within the Development.

"QUALIFYING HOUSEHOLD" means a household in which household income does not exceed the percentage of Area Median Income prescribed for the Affordable Unit by the terms of this Agreement. With respect to the Affordable Units, the determination of a Qualifying Household, and the various levels of affordability applicable to a Qualifying Household shall be consistent with City's municipal code and, to the extent not inconsistent with this Agreement and its attachments, in accordance with the rules applied by the Housing and Community Development department of the State of California ("HCD"). In the event of a conflict between criteria and methodology applied by HCD, on the one hand, and the criteria and methodology set forth in this Agreement and its attachments, the criteria and methodology in this Agreement and its attachments shall control.

"RENT" means the total of monthly payments charged by Developer to, and paid by, a Resident of an Affordable Unit (other than manager's units) for the following: use and occupancy of the Affordable Unit and land and associated facilities; any separately charged fees or service charges assessed by Developer which are required of all Residents, other than security deposits, and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Developer, and paid by the Resident. Utility charges which are individually metered for each unit in the Development shall be billed directly to the Residents of Affordable Units in addition to and separate from any items of Rent, however such changes shall be considered within the tenant utility allowance as previously described and deducted from the Affordable Rent. Optional amenities such as garages, internet services, and in-unit washer/dryers will be available and charged for separately to the extent that market rate tenants are charged for those amenities and do not constitute Rent.

"RESIDENT" means a Qualified Household occupying an Affordable Unit in the Development.

6) Affordable Restrictions

In order to effectuate the affordability described herein, prior to building permit issuance for Developer shall execute a Regulatory Agreement in the form attached hereto as Attachment 4.

7) Assignment

This Agreement shall be binding upon the successors and assigns of the parties. Where Developer sells or otherwise transfers title to any portion of the Property, that subsequent owner and Developer are jointly and severally liable for the obligations under this Agreement as to that portion of the Property sold or transferred unless Developer is released by City, which release shall not be unreasonably withheld, conditioned, or delayed, so long as the subsequent owner provides City with security equivalent to any security previously provided by Developer to secure performance of its obligations hereunder. Developer acknowledges that it shall be reasonable for City to condition such release of Developer upon Developer and its successor entering into a written assignment and assumption agreement requiring the successor to satisfy Developer's outstanding obligations under this Agreement. The limitations on Developer's right of assignment or other transfer contained in this Section 7 shall not apply to any foreclosure, deed in lieu of foreclosure, or other remedial action lawfully taken by any Senior Lender holding a security interest in the Property with priority over City's interests.

8) Senior Lender Mortgagee Cure Rights

After receipt of notice from City setting forth the nature of a breach under Section 11 of this Agreement, any Senior Lender (as defined below) shall have the same rights as Developer to cure any default hereunder on behalf of Developer; provided any Senior Lender shall have an additional ninety (90) days to cure beyond the cure period afforded to Developer to cure such or default (with additional time as needed in the event that the cure of such breach or default has been commenced and is being diligently prosecuted to completion). Notwithstanding the foregoing, the cure periods of any Senior Lender described in this Section shall be tolled in the event that any bankruptcy or other legal proceeding prevents any Senior Lender from acting to cure such default during the pendency of such bankruptcy or other legal proceeding, but only (i) if the Senior Lender has made reasonable effort to cure any such breach or default prior to such bankruptcy, and (ii) did not file the bankruptcy or other legal proceedings. No notice or demand given to Developer under this Agreement shall be effective until and unless a copy of such notice is given to each Senior Lender. Any notices of default shall describe the breach or default with reasonable detail. City agrees to accept performance by a Senior Lender of any cures, conditions and covenants as though performed by Developer, and agrees to permit a Senior Lender to take all such actions as may be necessary or useful to perform any condition or covenant of this Agreement or to cure any breach or default of Developer. Prior to the expiration of the cure rights of any Senior Lender hereunder, City shall not affect or cause any action to deny Developer of possession, occupancy, or quiet enjoyment of the Property or any part thereof. Nothing in this Section 8, shall be construed to obligate any Senior Lender to remedy any default of Developer, and any failure of any Senior Lender to complete any such cure after commencing the same shall not give rise to any

liability of any Senior Lender to City with respect to the default. For purposes of this Agreement, "Senior Lender" means any lender regularly engaged in commercial financing which is providing financing to, and secured by, the Property, which such lender may include an affiliate of Developer.

9) Subordination

Upon request of any Senior Lender, City shall subordinate this Agreement, other than the provisions of Sections 2, 3, 4 and 5 of this Agreement, to any financing provided by any Senior Lender to the extent required by any Senior Lender. City Manager is authorized to enter into any subordination agreement required by any Senior Lender to effect such subordination.

10) Property Damage or Destruction

If any building or improvement erected by Developer on the Property is damaged or destroyed, City agrees that Developer's obligation to repair or restore the Property, and Developer's use of any insurance proceeds in connection with such casualty, shall be governed solely by the requirements of the Senior Lender except that the provisions of Sections 2, 3, 4, and 5 of this Agreement shall remain in effect.

11) Breach

No party shall be in material breach of this Agreement unless and until (i) the breaching party receives from the non-breaching party a written notice ("Breach Notice"), with concurrent copies of the Breach Notice to the Senior Lenders, stating the nature of the breach and (ii) the breaching party has failed to cure such breach within thirty (30) days of the date it receives the Breach Notice; provided, however, if the nature of the breach is of a type or nature that cannot be cured within thirty (30) days, then the breaching party shall not be in material default of this Agreement so long as it (i) commences curing of the breach within thirty (30) days of the date it receives the Breach Notice and (ii) diligently pursues curing the breach to completion. If Developer fails to timely cure the breach or violation, City's sole remedy shall be to bring an action for equitable relief seeking the specific performance by Developer of the terms and conditions of this Agreement, and/or the terms and conditions of the Regulatory Agreement and Declaration of Covenants and Restrictions, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief.

Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Agreement, (i) the liability of Developer under this Agreement to any person or entity, including, but not limited to, City, and its successors and assigns, is limited to Developer's interest in the Property, and such persons and entities shall look exclusively thereto, and (ii) from and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of

specific performance (other than pertaining to this Agreement, any agreement pertaining to the Property or any other agreement securing Developer's obligations under this Agreement), shall be rendered against Developer, the assets of Developer (other than Developer's interest in the Property), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Agreement, or any other recorded regulatory agreement securing the obligations of Developer under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

12) Agreement Lawful and Enforceable

Developer acknowledges and concedes that this Agreement is lawful and enforceable and waives any and all legal challenges or other objections to this Agreement. Developer shall not in any judicial action or proceeding, affirmatively or by way of defense, seek to invalidate or otherwise avoid the application of the terms of this Agreement.

13) Notice

Unless specified otherwise herein, any notice, tender or delivery to be given pursuant to this Agreement by either party shall be in writing and may be accomplished by delivery in person, express delivery service, or first-class certified mail, return receipt requested. Any notice shall be deemed received on the date shown on the receipt as the date of delivery, refusal of delivery or the date returned as undeliverable. Notices shall be addressed as set forth below, but each party may change his or her address by written notice in accordance with this Section.

TO CITY:

City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550
Attn: City Manager

TO DEVELOPER:

Shea Properties
Attention: Joe Davison
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

With Copies To:

Shea Properties
Attention: Julia A. Guizan, Esq.
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

14) INDEMNIFICATION

a) Indemnification of City

Developer hereby covenants and agrees that it shall, at its own expense, defend, indemnify and hold harmless City, its elected officials, respective officers, directors, employees, agents and designated volunteers (each, a "City Indemnitee") from and against any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the performance by Developer and its officers, directors, officials, employees and agents under this Agreement, except that Developer shall not be required to indemnify City or City Indemnitee for damages caused by the negligence, fraud, or willful misconduct of such City Indemnitee. Developer's indemnification of City or City Indemnitee shall not extend to that portion of any claim, action or obligation that is the subject of any indemnification by City of Developer as provided in Section 14.c.

b) Attorney's Fees of City

In the event that any action or proceeding is brought against City, or any City Indemnitee, with respect to which indemnity may be sought hereunder, Developer, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and Developer shall pay the fees and expenses of such separate counsel.

c) City's Indemnification of Developer

City hereby covenants and agrees that it shall, at its own expense, indemnify and hold harmless Developer and its agents, Developers, members, partners, affiliates, trustees and beneficiaries, and their respective successors and assigns (each, a "Developer Indemnitee"), from and against any claims, demands, losses, damages, liabilities, lawsuits, and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising, directly or indirectly, in whole or in part, under federal or state fair housing laws, with respect to Developer's compliance with the Preference Plan. City's indemnification of Developer and each Developer Indemnitee is limited to the portion of an action directly related to Developer's implementation of the Preference Plan.

i. City shall not be required to indemnify Developer and Developer Indemnitee for damages caused by the negligence, fraud, or willful misconduct of such Developer Indemnitee.

ii. In addition to the obligation to indemnify and hold harmless Developer and each Developer Indemnitee as outlined in Section 14.c, City shall defend Developer and each Developer Indemnitee if an action or obligation arises solely on the basis of Developer's

implementation of the Preference Plan, subject to the exclusions outlined in Section 14.c.i.

d) Attorney's Fees of Developer

In the event that any action or proceeding is brought against Developer, or any Developer Indemnitee, with respect to which indemnity may be sought hereunder, City, upon written notice from the indemnified party, shall assume the investigation and defense thereof, where such obligation to defend arises as described in Section 14(c)(ii), including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and City shall pay the fees and expenses of such separate counsel.

15) No Third Party Beneficiaries

This Agreement is not enforceable by and does not run to the benefit of any person or entity other than Developer, its successors and assigns, and City. No member of the public, no Resident or other person that occupies an Affordable Unit, no adjacent landowner, nor any other party shall acquire any right or benefit under this Agreement or the right to enforce any provision of this Agreement against Developer or City.

16) Attorneys' Fees

If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the party prevailing in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred.

17) Compliance

Compliance with this Agreement satisfies the affordable housing development obligations of Developer under City's Affordable Housing Ordinance (Section 10.06.050 of the Livermore Development Code), and the Vesting Tentative Tract Map 8613 conditions of approval.

18) Modification

City Manager of City of Livermore is the authorized representative of City to approve minor modifications to the agreement, provided the modification does not materially alter the agreement, and is authorized to negotiate, develop, and execute all documents related this agreement. This Agreement shall not be modified except by written instrument executed by and between the parties.

19) Entire Agreement

This Agreement constitutes the entire understanding and agreement of the parties with respect to the sale of the Affordable Units.

20) Binding Effect

This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties.

21) Severability

If any term of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, then the remaining terms shall continue in full force unless the rights and obligations of the parties have been materially altered by such holding of invalidity.

22) Governing Law

This Agreement shall be governed by the laws of the State of California.

23) Incorporation by Reference

Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

24) Counterparts

This Agreement may be executed in counterparts, by actual or facsimile signature (with originals to be forwarded by overnight mail). Each counterpart shall be deemed an original and all, when taken together, shall constitute one agreement.

25) Term and Termination

Notwithstanding any of other provision, this Agreement shall commence upon the Effective Date and shall remain in full force and effect for fifty-five (55) years after the date Developer obtains a Certificate of Occupancy from City for the Development or, in the event the Development has multiple buildings or structures, a Certificate of Occupancy for the last habitable building or structure for the Development. The obligations in this Agreement shall remain effective and fully binding on Developer for this full term regardless of any expiration of the term of any loan, any payment, or prepayment of any loan, any assignment of a note, any reconveyance of a deed of trust, or any sale, assignment, transfer, or conveyance of the Property (other than certain transfers by foreclosure, deed in lieu of foreclosure, exercise of the power of sale or other similar transfer), unless terminated earlier by City in a recorded writing.

[Signatures and Attachment List on the Next Page]

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

DEVELOPER:

LIVERMORE MULTIFAMILY, LLC
a California limited liability company

By: SHEA PROPERTIES MANAGEMENT COMPANY, INC.
a Delaware corporation
it's manager

By: _____
Name: Willis Chin
Its: Assistant Secretary
Date: 1/26/2026

By: _____
Name: Bryan McGowan
Its: Vice President
Date: 1/26/2026

CITY OF LIVERMORE:

Dated:

_____
Marianna A. Burch
City Manager

_____

APPROVED AS TO FORM:

_____
Deputy/Assistant/Senior Assistant/City Attorney

Attachments:
Attachment 1 - Legal Description
Attachment 2 - 2025 Affordable Rent Limits
Attachment 3 - Location of Affordable Units
Attachment 4 – Form of City Regulatory Agreement

CALIFORNIA ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange }

On January 26, 2026 (Date) before me, Julie A. Holmes, Notary Public (Here Insert Name and Title of the Officer),

personally appeared Bryan McGowan Willis Chin (Name(s) of Signer(s)),

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

JULIE A. HOLMES
Notary Public - California
Orange County
Commission # 2516524
My Comm. Expires May 3, 2029

Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer is Representing: _____

Signer's Name: _____
☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer is Representing: _____

©2019 National Notary Association

Attachment 1
Legal Description

EXHIBIT "A"

For APN/Parcel ID(s): 903-0019-001-00

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

PARCEL ONE:

Lot 14 of Tract 8613, filed December 13, 2023, in Book 371 of Maps, at Page 3 through 9, Official Records of Alameda County.

PARCEL TWO:

Easement(s) appurtenant to Parcel One, for ingress and egress on, over, through and across the Shared Access Area and Shared Storm Drain System, and Condominium Storm Drain Lines and Facilities and portions of the streets and open space on the Condominium Property adjoining and abutting such Shared Access Area, Shared Storm Drain System and Condominium Storm Drain Lines and Facilities, as contained in that certain document entitled "EASEMENT, MAINTENANCE AND COST SHARING AGREEMENT", recorded July 2, 2024, Recording No. 2024080602, of Official Records.

Attachment 2
2025 Income and Affordable Rent Limits

ATTACHMENT 3

LIVERMORE CALIFORNIA

City of Livermore
Affordable For-Sale Prices and Rental Rates

For-Sale Housing*							
		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Household Size	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price
Studio	1	$84,600	$250,112	$109,000	$339,854	$130,800	$420,033
1	2	$96,650	$294,431	$124,550	$397,046	$149,500	$488,810
2	3	$108,750	$338,934	$140,150	$454,422	$168,150	$557,404
3	4	$120,800	$383,253	$155,700	$511,614	$186,850	$626,182
4	5	$130,500	$418,929	$168,150	$560,295	$201,800	$681,167
5	6	$140,150	$454,422	$180,600	$603,194	$216,750	$736,152
6	7	$149,800	$489,914	$193,050	$648,985	$231,700	$791,137
7	8	$159,500	$525,590	$205,500	$694,775	$246,650	$846,123

**Effective January 1, 2025*

Rental Housing*													
		Ext. Low-Income (30%)		Very-Low Income (50%)		Lower-Income (60%)		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Size House-hold	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent
Studio	1	$32,700	$818	$54,500	$1,363	$65,400	$1,635	$84,600	$2,115	$109,000	$2,725	$130,800	$3,270
1(*)	1.5	$35,100	$878	$58,400	$1,558	$70,080	$1,752	$90,625	$2,266	$116,775	$2,919	$140,150	$3,504
1	2	$37,400	$935	$62,300	$1,558	$74,760	$1,869	$96,650	$2,416	$124,550	$3,114	$149,500	$3,738
2	3	$42,050	$1,051	$70,100	$1,753	$84,120	$2,103	$108,750	$2,719	$140,150	$3,504	$168,150	$4,204
3	4	$46,700	$1,168	$77,850	$1,946	$93,420	$2,336	$120,800	$3,020	$155,700	$3,893	$186,850	$4,671
4	5	$50,450	$1,261	$84,100	$2,103	$100,920	$2,523	$130,500	$3,263	$168,150	$4,204	$201,800	$5,045
4	6	$54,200	$1,355	$90,350	$2,259	$108,420	$2,751	$140,150	$3,504	$180,600	$4,515	$216,750	$5,419
4	7	$57,950	$1,449	$96,550	$2,414	$115,860	$2,930	$149,800	$3,745	$193,050	$4,826	$231,700	$5,793
4	8	$61,650	$1,541	$102,800	$2,570	$123,360	$2,930	$159,500	$3,988	$205,500	$5,138	$246,650	$6,166

**Effective October 28, 2024*

NOTES: These limits are based on income data from the California Department of Housing and Community Development (HCD) for 2024. The Affordable Sales Prices are effective for the 2025 Affordable Homeownership Program year and thereafter until updated by City Council. The 2024 Area Median Income for a 4-person household of $155,700 published by State HCD is derived from the U.S. Department of Housing and Urban Development for Alameda County (Oakland-Fremont Metro Region) for the Section 8 Program.

(*) Low Income Housing Tax Credit (LIHTC) Household size

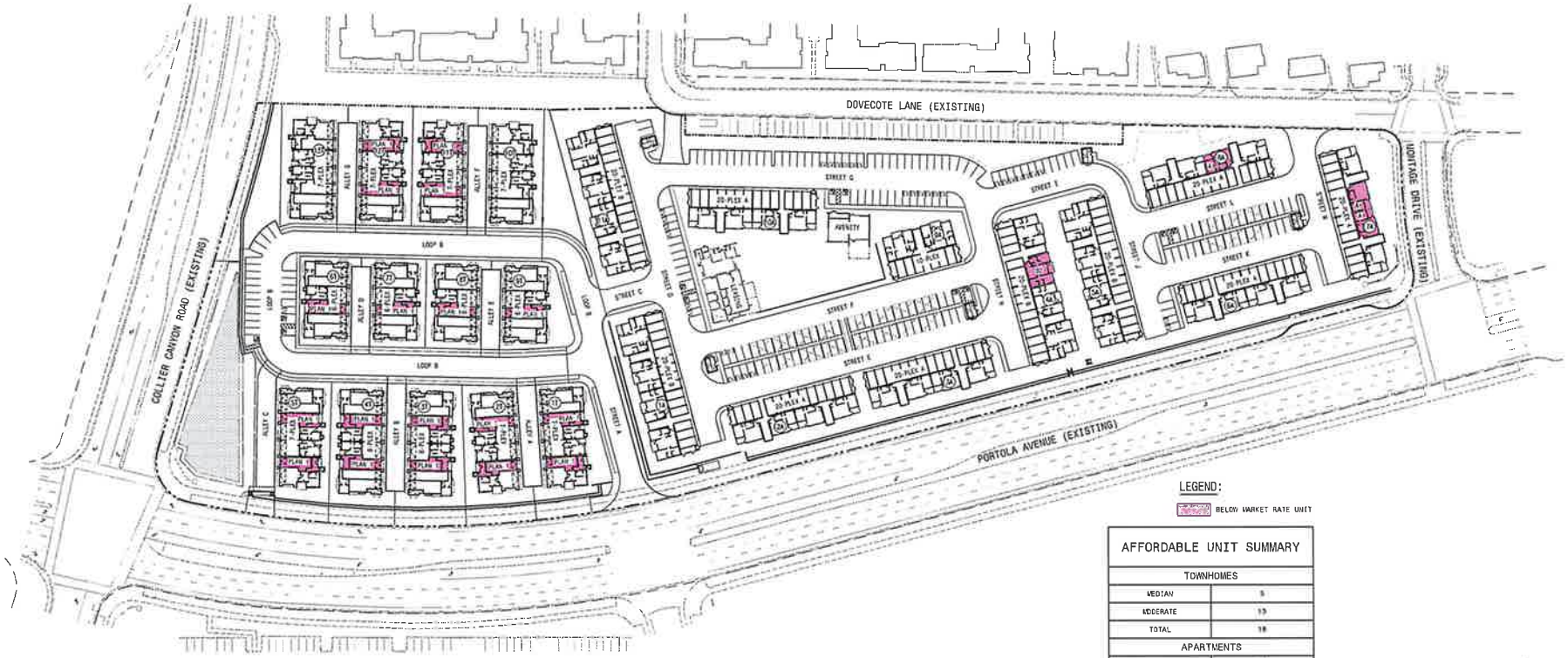
Sales Prices: assume a 6.00% interest rate, 30-year mortgage, and housing payments (PITI) which do not exceed 30% of the household's monthly income.
The Rental Housing limits are effective upon adoption by City Council and thereafter until updated by City Council. Rental affordability based on 30% of the household's monthly income and do not include tenant utility allowances. Utility allowances should be deducted from the maximum rents based on the Livermore Housing Authority's utility allowance schedule for the Section 8 Program.

Date Adopted by Livermore City Council: October 28, 2024.

EXHIBIT A

Attachment 3
Location of Affordable Units

A copy of VTM No. 8613 can be obtained from the City of Livermore City Clerk's office at: 1052 S. Livermore Avenue, Livermore, CA 94550



LEGEND:

BELOW MARKET RATE UNIT

AFFORDABLE UNIT SUMMARY	
TOWNHOMES	
MEDIAN	5
MODERATE	13
TOTAL	18
APARTMENTS	
VERY LOW	14
LOW	14
MEDIAN	8
MODERATE	6
TOTAL	42

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON GROUND LEVEL. SEE SHEET C20 FOR BELOW MARKET RATE UNITS ON SECOND AND THIRD LEVELS.

0 30 60 120
SCALE: 1"=60'

N

EXHIBIT A

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

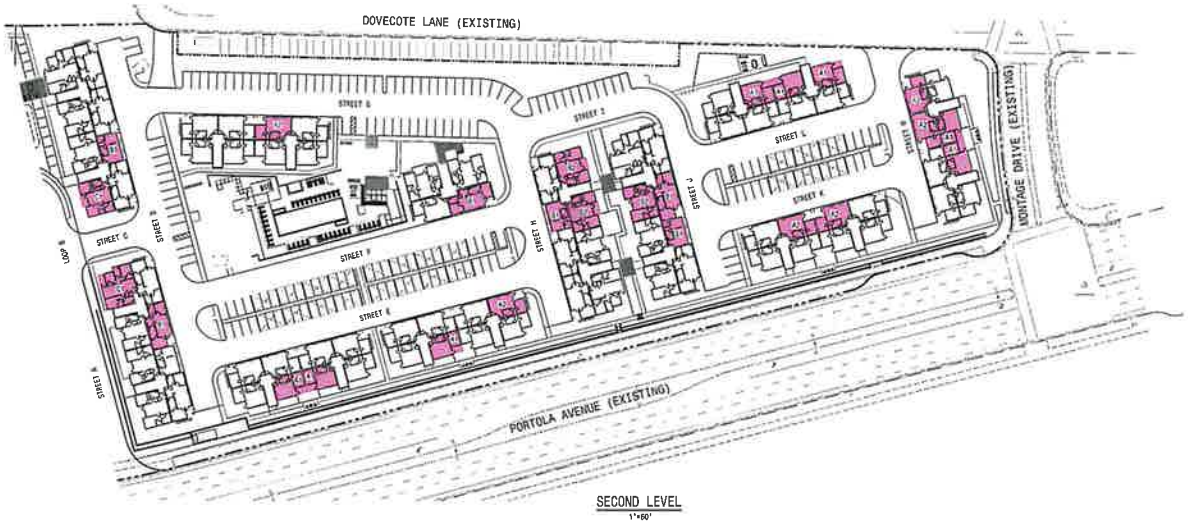
MACKAY & SOMPS
ENGINEERS PLANNERS SURVEYORS

SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

AFFORDABLE HOUSING EXHIBIT

C19



SECOND LEVEL
1"=60'



THIRD LEVEL
1"=60'

LEGEND:

BELOW MARKET RATE UNIT

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON 2ND AND 3RD LEVELS.

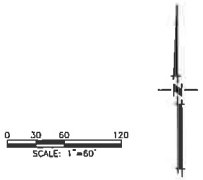


EXHIBIT A

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

MACKAY & SOMPS

SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

AFFORDABLE HOUSING EXHIBIT

C20

Attachment 4
Form of City Regulatory Agreement

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City of Livermore
1052 S. Livermore Avenue
Livermore, CA 94550-4899

APN's 903-0010-029 (PORTION) & 903-0010-030 (PORTION)

REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

This REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Regulatory Agreement") is made and entered into this ____ day of _____, 20__ by and between the City of Livermore ("City"), and Livermore Multifamily, LLC ("Owner").

RECITALS

A. City approved the development of a mixed-income, multi-residential apartment development consisting of two hundred ten (210) rental units ("Development"), (Vesting Tentative Tract Map 8613) located as described on Attachment 1 attached hereto; and,

B. Based on the Conditions of Approval for Tract 8613, and Chapter 10.06.050 of the Livermore Development Code, Owner agreed to provide 42 residential units ("Affordable Units") for rent at affordable prices to Very Low-Income, Low-Income, Median-Income and Moderate-Income households as described herein to satisfy the affordable housing requirement for the Development.

C. To ensure that the Affordable Units within the Development shall be continuously made available to very low, low, median and moderate-income persons for the term of this Regulatory Agreement, City and Owner now desire to place restrictions upon the use and operation of the Affordable Units located within the Development.

AGREEMENT

NOW, THEREFORE, Owner and City declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Development shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and operation of the Development, and are established expressly and

exclusively for the use and benefit of the Development, each and every person and entity who may now or in the future own the Development, and City.

1. DEFINITIONS

1.1. "Affordable Rent" means, with respect to an Affordable Unit, the maximum monthly Rent for Affordable Units equal to thirty percent of (30%) of the income for the designated Qualifying Household as set forth in Attachment 2, "adjusted for family size appropriate to the unit" (as such term is defined by Health and Safety Code sections 50052.5 and 50053) including a reasonable allowance for tenant paid utilities (also known as Utility Allowance), set forth by the Livermore Housing Authority in their annual schedule and as adopted by City Council annually as part of the Affordable Rent schedule for City. Owner may commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent. An alternative utility allowance will be valid for the following calendar year after which Owner will either (1) use the annual schedule adopted by the City Council as part of the Affordable Rent schedule, or (2) commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent.

1.2. "Affordable Unit" means the forty-two (42) dwelling units in the Development set aside for occupancy by Qualifying Households and initially listed by unit numbers at Attachment 3 hereto. The location of the Affordable Units may be changed by Owner in order to maintain the affordability levels described herein so long as moving the location of the Affordable Units does not result in a less equitable distribution of Affordable Units within the Development taking into account the intent and purpose behind Attachment 3 with regard to the overall distribution of Affordable Units by quality, type, quantity, and location within the Development.

1.3. "City" means City of Livermore, a municipal corporation and political subdivision of the State of California, and its successors.

1.4. "Date of Initial Occupancy" means the date that the Development was first occupied by tenants following completion of construction as evidenced by the filing of the Notice of Completion.

1.5. "Development" or "Property" or "Site" shall mean the multi-family rental property located within Tract 8613, Lot 14 identified on the Tentative Map.

1.6. "Income Certification" means a written certification as to income executed by a Qualifying Household in the Development prior to its initial occupancy and on every anniversary thereafter, indicating the identity of each tenant household member, household size and total gross household income. Owner shall maintain such

certificates for not less than five (5) years and upon City's request provide copies of such certificates to City and make the originals available for City inspection.

1.7. "Initial Lease-Up Period" shall mean such time period commencing when Affordable Units are first made available for marketing to Qualified Households and ending upon the earlier of (1) all Affordable Units have entered an initial lease with a Qualifying Household or (2) one year has passed since all Affordable Units have been made available to Qualifying Households to submit applications

1.8. "Low Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed eighty percent (80%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Low Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.9. "Median Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed one hundred percent (100%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Median Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.10. "Moderate Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed one hundred twenty percent (120%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Median Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.11. "Owner" or "Developer" means Livermore Multifamily, LLC.

1.12. "Preference Plan" means prioritizing existing Livermore residents or employees during the Initial Lease-Up Period.

1.13. "Qualifying Household" means a household in which household income does not exceed the percentage of Area Median Income prescribed for the Affordable Unit by the terms of this Agreement. With respect to the Affordable Units, the determination of a Qualifying Household, and the various levels of affordability applicable to a Qualifying Household shall be consistent with City's municipal code and, to the extent not inconsistent with Attachment 2, in accordance with the rules applied by

the Housing and Community Development department of the State of California ("HCD"). In the event of a conflict between criteria and methodology applied by HCD, on the one hand, and the criteria and methodology set forth in City's municipal code, the criteria and methodology in City's municipal code shall control.

1.14. "Rent" means the total of monthly payments charged by Owner to, and paid by, a Resident of an Affordable Unit (other than manager's units) for the following: use and occupancy of the Affordable Unit and land and associated facilities, any separately charged fees or service charges assessed by Owner which are required of all Residents, other than security deposits, and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Owner, and paid by the Resident. Utility charges which are individually metered for each unit in the Development shall be billed directly to the Residents of Affordable Units in addition to and separate from any items of Rent, however such charges shall be considered within the tenant utility allowance as previously described and deducted from the Affordable Rent. Optional amenities such as garages, internet services and in-unit washer/dryers will be available and charged for separately to the extent that market rate tenants are charged for those amenities and do not constitute Rent.

1.15. "Resident" means a Qualified Household occupying an Affordable Unit in the Development.

1.16. "Very Low Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed fifty percent (50%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Very Low Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

2. INTERPRETATION

2.1. Gender. Words importing any gender include all genders. Words importing persons include firms, associations, and corporations. Words importing the singular shall include the plural and vice versa.

2.2. Similar Terms. The terms "herein", "hereunder", "hereby", "hereto", "hereof' and any similar terms refer to this Regulatory Agreement; the term "heretofore" means before the date of this Regulatory Agreement; and the term "hereafter" means after the date of this Regulatory Agreement.

2.3. Articles and Sections. Articles and Sections mentioned by number only are the respective Articles and Sections of this Regulatory Agreement so numbered. Reference to "this Article," "this Section" or "this subsection" shall refer to the particular Article, Section or subsection in which such reference appears. Any captions, titles or

heading preceding the text of any Article or Section herein and any table of contents or index attached to this Regulatory Agreement or any copy thereof are solely for convenience of reference and shall not constitute part of this Regulatory Agreement or affect its meaning, construction, or effect.

3. USE OF PROPERTY

Development shall be used as a rental apartment complex. The Affordable Units shall be leased to Qualifying Households in accordance with the requirements of this Agreement, at all times, for a period of 55 years from the Date of Initial Occupancy.

4. NONDISCRIMINATION

4.1. Covenants. Subject to Section 4.2 below, Owner covenants of and by itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, national origin, age, or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenant shall run with the land and shall survive termination of this Regulatory Agreement.

4.2. Implementation of Preference Plan. To the extent required under City's municipal code and to the extent permitted by California and federal law, Owner agrees to rent the Affordable Units through specified City programs to implement applicant selection preferences in accordance with City's published guidelines and Preference Plan.

4.3. Exclusion. Owner will not exclude or discriminate against any person in the United States, on the grounds of race, color, religion, national origin, sex, sexual orientation, familial status, physical or mental disability, or age from participating in, or benefiting from, any program or activity related to the Development. Specifically, Owner will not, based on the above grounds:

4.3.1 Deny any service or other benefit provided under any program activity;

4.3.2 Provide any service or other benefit which is different, or is provided in a different form from that provided to others under any program or activity;

4.3.3 Subject to segregated or separate treatment in any facility in, or in any manner or process related to receipt of any service or benefit under any program or activity;

4.3.4 Restrict in any way the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit under any program or activity;

4.3.5 Treat an individual differently from others in determining whether that individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under any program or activity; or

4.3.6 Deny an opportunity to participate in any program or activity as an employee.

5. AFFORDABILITY

5.1. Affordability. Affordable Units shall rent for no greater than the amounts permitted by Section 1.1. Based on the Income Certification, Owner will certify that the income of all households renting the designated Affordable Unit does not exceed the established income levels. Owner will maintain tenant files to document eligibility for City's review. The Affordable Units must at all times be occupied by, or available for occupancy by, Qualifying Households. If a Resident of an Affordable Unit no longer qualifies for an Affordable Rent under any of the applicable income categories, then the Resident's rent may be increased to Owner's then current market rent for such unit, and Owner agrees that the next available same Unit type shall be made available to a Qualifying Household at the rent level necessary to fulfill the affordability requirements of this Agreement, as applicable.

5.2. Affordable Unit Composition. Affordable Units shall be comparable in amenities to the other residential units at the Property. As defined in Section 1.1, Affordable Rent shall include a reasonable allowance for tenant-paid utilities including gas, electricity, water, and garbage collection as applicable. Utilities shall not include television, cable, telephone, and internet service; provided, however that the foregoing shall not prohibit Owner from instituting a billing system for any optional amenities as described in Section 1.14 which are separately billed to the tenants, so long as such bill back system operates in the same manner for both the Affordable Units and all other residential units at the Property, and provided further that if any or all such amenities are offered at no cost to market rate units then those same amenities shall also be offered at no cost to the Affordable Units.

6. OCCUPANCY

Maximum Occupancy Levels. Actual occupancy levels for each Affordable Unit can be up to the HUD maximum allowable two persons per bedroom plus one. For studio units, the maximum occupancy is two persons.

Unit Size	Maximum Household Size
Studio	2
One-bedroom- unit	3

Two-bedroom- unit	5
Three-bedroom- unit	7

7. MARKETING AND MANAGEMENT PROCEDURES

7.1. Marketing and Tenant Selection. Owner shall coordinate with City in the marketing of the Affordable Units and selection of the Qualifying Households for the Affordable Units. Owner shall establish and maintain written marketing and selection procedures for the Affordable Units, subject to review and approval of City which shall, except as otherwise modified by Owner and City: 1) demonstrate compliance with the terms of this Agreement and provide criteria for determining tenant eligibility; 2) during the Initial Lease-Up Period, provide an applicant screening process based on order of application, lottery or other reasonable method approved by City and which complies with the requirements of Section 4.2; 3) ensure that the Affordable Units shall be marketed through local media sources, City's website, and other standard public noticing methods to ensure fair public noticing standards including outreach to specific agencies identified by City; and, 4) provide for ineligible applicants to be notified for the reason for their ineligibility and specific procedures through which applicants deemed ineligible may appeal this determination. The Marketing and Management Plan describes the process for marketing, screening, and application procedures after the initial lease-up (i.e., unit turnover). Owner shall maintain a written waiting list of applicants for the Affordable Units and provide a copy to City. Any units provided at a subsidized rate by Owner as a benefit of employment shall not be counted as an Affordable Unit.

7.2. Leasing. Owner and its leasing staff are responsible for occupant selection and documentation of tenant eligibility for Affordable Units. Owner is responsible for training of leasing staff to explain the rental application process. During the Initial Lease-Up Period, Owner's leasing staff shall do the following: 1) Collect applications for a specified time period; 2) Screen applicants to determine whether they satisfy the requirements for Qualified Households. To the extent permitted by law, Owner shall during the Initial Lease-Up Period; (i) Sort and rank the applications of Qualified Households to produce a priority list based on the Preference Plan and (ii) Offer the Affordable Units to applicants based on the priority list; and 3) execute an initial Rental Agreement of no less than 12 months with the Qualified Household that notifies them that they may not sublease the unit and that annual certification is required. Owner shall maintain applications with income verification and recertification for City to review during annual on-site monitoring.

7.3. Accessible Units. The Development shall provide one ADA accessible Affordable Unit for persons with disabilities.

8. MONITORING

Owner shall be responsible for the cost of compliance with this Agreement. Owner shall be responsible for paying City's annual monitoring fee for multi-family rental

Developments, which is adjusted by City annually and based on the number of Affordable Units in the Development.

9. MAINTENANCE

9.1. Maintenance Obligation. Owner for itself for so long as it owns all or any portion of the Site and for its successors, assigns and successors in interest, including each Owner, agrees to maintain the Site, and all landscaping, open space, improvements and structures upon the Site in good condition and repair, and shall keep the entire Site free from an accumulation of debris or waste materials or other nuisances. Owner shall also maintain all landscaping on the Site in a healthy condition and replace any deteriorated or dead landscaping. The Site shall be maintained in accordance with all codes, laws, regulations, and ordinances of City of Livermore as they now exist or may be amended. Owner shall maintain the Site in such a manner so that a public nuisance is not created which is detrimental to public health, safety, or general welfare

9.2. Right of Entry. In the event Owner fails to maintain the Site in the above mentioned condition, and satisfactory progress is not made in correcting the condition within sixty (60) from the date of written notice from City, or such longer period as may be reasonably necessary to correct the condition as long as Owner is working diligently to effect such cure, City may, at its option, and without further notice to Owner, declare the unperformed maintenance to constitute a public nuisance. Thereafter, City, or its employees, contractors or agents, may cure the default by entering upon the Site and performing the necessary landscaping and/or maintenance. City shall give Owner notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Regulatory Agreement and is compliant with all laws. Owner shall pay such costs as are reasonably incurred by City for such maintenance.

9.3. Lien. If the costs incurred pursuant to Section 9.2 are not reimbursed within thirty (30) days after the receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of ten (10%) per annum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be a lien and charge, with power of sale, upon the Site. Any such lien may be enforced by power of sale by City following recordation of a Notice of Default given in the manner and time required by law as in the case of a deed of trust. Such sale shall be conducted in accordance with the provisions of Section 2924, *et seq.*, of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust now or hereafter covering an ownership interest in and to the Site, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in-lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other

assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at the foreclosure sale, as owner of the subject parcel after the date of such foreclosure sale, shall become a lien upon such parcel upon recordation of a Notice of Default as herein provided.

10. SENIOR LENDER MORTGAGEE CURE RIGHTS

After receipt of notice from City setting forth the nature of a breach under Section 15 of this Regulatory Agreement, any Senior Lender (as defined below) shall have the same rights as Owner to cure any default hereunder on behalf of Owner; provided any Senior Lender shall have an additional ninety (90) days to cure beyond the cure period afforded to Owner to cure such or default (with additional time as needed in the event that the cure of such breach or default has been commenced and is being diligently prosecuted to completion). Notwithstanding the foregoing, the cure periods of any Senior Lender described in this Section shall be tolled in the event that any bankruptcy or other legal proceeding prevents any Senior Lender from acting to cure such default during the pendency of such bankruptcy or other legal proceeding, but only (i) if the Senior Lender has made reasonable effort to cure any such breach or default prior to such bankruptcy, and (ii) did not file the bankruptcy or other legal proceedings. No notice or demand given to Owner under this Agreement shall be effective until and unless a copy of such notice is given to each Senior Lender. Any notices of default shall describe the breach or default with reasonable detail. City agrees to accept performance by a Senior Lender of any cures, conditions and covenants as though performed by Owner, and agrees to permit a Senior Lender to take all such actions as may be necessary or useful to perform any condition or covenant of this Agreement or to cure any breach or default of Owner. Prior to the expiration of the cure rights of any Senior Lender hereunder, City shall not affect or cause any action to deny Owner of possession, occupancy, or quiet enjoyment of the Property or any part thereof. Nothing in this Section 10, shall be construed to obligate any Senior Lender to remedy any default of Owner, and any failure of any Senior Lender to complete any such cure after commencing the same shall not give rise to any liability of any Senior Lender to City with respect to the default. For purposes of this Regulatory Agreement, "Senior Lender means any lender regularly engaged in commercial financing which is providing financing to, and secured by, the Property, which such lender may include an affiliate of Owner.

11. SUBORDINATION

Upon request of any Senior Lender, City shall subordinate this Regulatory Agreement, other than the provisions of Section 5 of this Regulatory Agreement, to any financing provided by any Senior Lender to the extent required by any Senior Lender. City Manager is authorized to enter into any subordination agreement required by any Senior Lender to effect such subordination.

12. PROPERTY MANAGEMENT

Owner shall be responsible for ensuring the Development's property management either by performing the services themselves or by hiring the services of a professional property manager. These responsibilities include processing financial statements, handling of receivables and payables, tenant selection, and compliance with terms and conditions of the Regulatory Agreement.

13. ENCUMBRANCE OF PROPERTY

Owner shall not encumber the Property, including the granting of commercial leases, or permit the conveyance, transfer or encumbrance of such Property (except for apartment leases entered into by qualified tenants) or to allow the placement of any liens, notes or deeds or use the Property as security for a note or loan without first notifying City if such encumbrance or placement of liens, notes or deeds or use of the Property as security would impact the priority of City's rights hereunder.

14. CHANGE OF USE

Property shall be used as specified under Section 3 for the term of this Regulatory Agreement. Within the term of this Regulatory Agreement, Owner may propose a change of use in the event that the Affordable Units are no longer needed for the purpose specified in this Regulatory Agreement and the Affordable Units will be used to benefit individuals or families whose incomes do not exceed 80 percent of median income for the area. Owner must obtain written approval from City prior to changing use.

15. DEFAULTS AND REMEDIES

15.1. Defaults; Remedies. If Owner shall fail to observe or perform, in the sole discretion of City, any covenant, condition, or agreement contained herein on its part to be observed or performed for a period of sixty (60) days after written notice from City specifying such failure and requesting that it be remedied, unless City shall agree in writing to an extension of such time prior to its expiration which consent shall not be unreasonably withheld in the event that the failure specified in the notice cannot be corrected within the applicable period and Owner has instituted corrective action within the applicable period and has diligently pursued such corrective action, then and in such event (an "Event of Default"), City shall be entitled and in addition to all other remedies provided by law or in equity:

15.1.1 To compel specific performance by Owner of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of Owner's default;

15.1.2 To the extent permissible under laws and regulations protecting individual confidentiality, to have access to, to inspect, and to make

copies and to audit all books and records of Owner pertaining to the Development;

15.1.3 To cause Owner to pay to City, if the sixty (60) day cure period has been exceeded and no cure has been achieved, as a penalty, an amount equal to the difference between the Rent received by Owner for Affordable Units and the Affordable Rent applicable with respect to such Affordable Units required hereunder to be rented to Very Low Income Tenants, if such Affordable Units are knowingly or grossly negligently rented to persons who do not comply with the requirements of such Affordable Units; and

15.1.4 To conduct an evaluation of the management and operation of the Development, and, provided City has provided written notice to Owner of such evaluation at least thirty (30) days prior to commencing such evaluation, the reasonable expenses of City or any consultants associated with such evaluation and direction shall be reimbursed by Owner. City may retain attorneys and consultants to assist in such evaluation and Owner shall pay the reasonable fees and expenses of such attorneys and consultants and any other reasonable expenses incurred by City in that connection. Owner is not obligated to pay any costs of evaluation, as incurred within this provision, if the evaluation finds that there has been no Event of Default.

15.2. Breach of Regulatory Agreement. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Agreement, (i) the liability of Owner under this Agreement to any person or entity, including, but not limited to, City, and its successors and assigns, is limited to Owner's interest in the Property, and such persons and entities shall look exclusively thereto, and (ii) from and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any agreement pertaining to the Property or any other agreement securing Owner's obligations under this Agreement), shall be rendered against Owner, the assets of Owner (other than Owner's interest in the Property), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Agreement, or any other recorded regulatory agreement securing the obligations of Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

16. SUCCESSORS BOUND

This Regulatory Agreement and the covenants and conditions contained herein shall run with the land and shall bind, and the benefits shall inure to, respectively, Owner and its successors and assigns and all subsequent Owners of the Development or any interest herein, and City and its successors and assigns. Owner may assign its rights,

duties, and powers under this Regulatory Agreement upon notification to City of the transfer and conditioned upon the successor in interest's agreement to assume all rights, duties, and responsibilities under the Regulatory Agreement as to the portion of the Development being purchased by the successor, whereupon Owner shall be released from any future liability under this Agreement.

17. RECORDATION OF REGULATORY AGREEMENT

Owner shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded in the land records of the County of Alameda, and in such other places as City may reasonably request. Once the Development has been subdivided creating the Development as a separate legal parcel, Owner and City will record a termination of the Regulatory Agreement as to all portions of the Development other than the Development as defined herein.

18. NOTICES

All notices, certificates or other communications, with the exception of status reports required under Section 23, shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed by certified mail, postage prepaid, addressed as follows:

If to City:
City of Livermore
1052 S. Livermore Avenue
Livermore, California 94550-4899
Attention: Housing and Human Services Manager

If to Owner:
Shea Properties
Attention: Josh Harnett
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

With Copies To:

Shea Properties
Attention: Julia A. Guizan, Esq.
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

Status reports, as required under Section 23, shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed to City, addressed as specified in this Section 18. City and Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

19. INDEMNIFICATION

19.1. Indemnification of City. Owner hereby covenants and agrees that it shall, at its own expense, defend, indemnify and hold harmless City, its elected officials, respective officers, directors, employees, agents and designated volunteers (each, a "City Indemnitee") from and against any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the performance by Owner and its officers, directors, officials, employees and agents under this Regulatory Agreement, except that Owner shall not be required to indemnify the City or City Indemnitee for damages caused by the negligence, fraud, or willful misconduct of such Indemnitee. Owner's indemnification of City or City Indemnitee shall not extend to that portion of any claim, action or obligation that is the subject of any indemnification by City of Owner as provided in Section 19.3.

19.2. Attorney's Fees of City. In the event that any action or proceeding is brought against City, or any City Indemnitee, with respect to which indemnity may be sought hereunder, Owner, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and Owner shall pay the fees and expenses of such separate counsel.

19.3. Indemnification of Owner. City hereby covenants and agrees that it shall, at its own expense, indemnify and hold harmless Owner and its agents, owners, members, partners, affiliates, trustees and beneficiaries, and their respective successors and assigns (each, an "Owner Indemnitee"), from and against any claims, demands, losses, damages, liabilities, lawsuits, and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising, directly or indirectly, in whole or in part, under federal or state fair housing laws, with respect to Owner's compliance with the Preference Plan. City's indemnification of Owner and each Owner Indemnitee is limited to the portion of an action directly related to Owner's implementation of the Preference Plan.

19.3.1 City shall not be required to indemnify Owner for damages caused by the negligence, fraud, or willful misconduct of Owner.

19.3.2 In addition to the obligation to indemnify and hold harmless Owner and each Owner Indemnitee as outlined in Section 19.3, City shall defend Owner and each Owner Indemnitee if an action or obligation arises solely on the basis of Owner's implementation of the Preference Plan, subject to the exclusions outlined in Section 19.3.1.

19.4. Attorney's Fees of Owner. In the event that any action or proceeding is brought against Owner, or any Owner Indemnitee, with respect to which indemnity may be sought hereunder, City, upon written notice from the indemnified party, shall assume the investigation and defense thereof, where such obligation to defend arises as

described in Section 19.3.2, including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and City shall pay the fees and expenses of such separate counsel.

19.5. Liens. Owner also shall pay and discharge and shall indemnify and hold harmless City from (i) any lien or charge upon payments by Owner to City, and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Development. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, City shall give prompt notice to Owner and Owner shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion. In addition thereto, Owner will pay upon demand all of the fees and expenses paid or incurred by City in enforcing the provisions hereof.

19.6. Insurance. Owner shall procure and maintain insurance during the term of this Regulatory Agreement in the amounts and under the terms set forth in Attachment 4 against claims that may arise from or in connection with this Regulatory Agreement and performance of the Services. Upon reasonable written notice, Owner shall comply with any changes in the amounts and terms of insurance as may be required from time-to-time by City's Risk Manager.

20. GOVERNING LAW

This Regulatory Agreement shall be construed in accordance with the laws of the State of California.

21. SEVERABILITY

The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

22. AVAILABILITY OF RECORDS

All tenant lists, applications, verification of tenant income, and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Development and shall be maintained by Owner in a reasonable condition for proper audit, to the extent permissible under laws and regulations protecting individual confidentiality. All such documents are subject to examination during business hours by representatives of City. Failure to keep such lists and applications or to make them available to City will be a default hereunder. Records shall be kept for a minimum of three years.

23. REPORTING REQUIREMENTS

23.1. Reporting. Owner shall submit to City quarterly Development status reports for the first year following the Date of Initial Occupancy no later than 30 days after the end of each quarter. When City directs otherwise, Owner shall submit to City

annual reports in a form approved by City, no later than seventy-five (75) thirty (30) days after the end of Owner's fiscal year. The reports shall contain such information as City may reasonably require, including, but not limited to, the following:

23.1.1 The occupancy of the Development for the Affordable Units indicating:

- The number of Affordable Units available to and/or actually occupied by Residents;
- With respect to Affordable Units, a listing of current tenants' income levels, move-in dates and to the extent permitted by law race/ethnicity data; and
- The number of tenants of Affordable Units served to date for each program year.

23.1.2 Owner shall submit to City reports required under this Section 23 or other such reports as may be required by City in order to comply with reporting requirements as to compliance with City's housing element. Upon request of City, Owner shall also furnish copies of all tenant agreements for the Affordable Units.

24. MANDATORY LANGUAGE IN ALL SUBSEQUENT DEED, LEASES AND CONTRACTS

Owner and its agents shall not, in the selection or approval of tenants or provision of services in any other matter, discriminate against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status, national origins, ancestry, age or disability. All deeds or leases made or entered into by Owner, its successors or assigns, as to any portion of the Development shall contain the following language to the extent permitted by law:

24.1. In Deeds: "Grantee herein covenants by and for itself,, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, age or disability in the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

24.2. In Leases: "The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex sexual orientation, marital status, national

origin, ancestry, age, or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any or any person permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

25. AMENDMENTS

Except as otherwise provided hereunder, this Regulatory Agreement may not be amended, changed, modified, altered or terminated except as permitted in this Regulatory Agreement. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Alameda, California.

26. NO THIRD PARTY BENEFICIARIES

This Agreement is not enforceable by and does not run to the benefit of any Person or entity other than Owner, its successors and assigns, and City. No member of the public, no Resident or other Person that occupies an Affordable Unit, no adjacent landowner, nor any other party shall acquire any right or benefit under this Agreement or the right to enforce any provision of this Agreement against Owner or City.

27. TERM OF REGULATORY AGREEMENT

The terms of this Regulatory Agreement shall be for 55 years from the Date of Initial Occupancy.

28. EXECUTION IN COUNTERPARTS

This Regulatory Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same Regulatory Agreement.

[Signatures and Attachment List on the Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement to be executed by their duly authorized representatives as of the day, month and year first above written.

OWNER:

LIVERMORE MULTIFAMILY, LLC
a California limited liability company

By: SHEA PROPERTIES MANAGEMENT COMPANY, INC.
a Delaware corporation
it's manager

By: _____
Name: Willis Chin
Its: Assistant Secretary
For:
Date: _____

By: _____
Name: Bryan McGowan
Its: Vice President
For:
Date: _____

CITY OF LIVERMORE:

Dated:

_____
Marianna A. Burch
City Manager

_____

APPROVED AS TO FORM:

_____
Deputy/Assistant/Senior Assistant/City Attorney

Attachments:
Attachment 1 – Legal Description
Attachment 2 – 2025 Affordable Rent Limits
Attachment 3 - Location of Affordable Units
Attachment 4 - Insurance

Attachment 1
Legal Description

EXHIBIT "A"

For APN/Parcel ID(s): 903-0019-001-00

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

PARCEL ONE:

Lot 14 of Tract 8613, filed December 13, 2023, in Book 371 of Maps, at Page 3 through 9, Official Records of Alameda County.

PARCEL TWO:

Easement(s) appurtenant to Parcel One, for ingress and egress on, over, through and across the Shared Access Area and Shared Storm Drain System, and Condominium Storm Drain Lines and Facilities and portions of the streets and open space on the Condominium Property adjoining and abutting such Shared Access Area, Shared Storm Drain System and Condominium Storm Drain Lines and Facilities, as contained in that certain document entitled "EASEMENT, MAINTENANCE AND COST SHARING AGREEMENT", recorded July 2, 2024, Recording No. 2024080602, of Official Records.

Attachment 2
2025 Income and Affordable Rent Limits

Attachment 2

LIVERMORE

City of Livermore
Affordable For-Sale Prices and Rental Rates

For-Sale Housing*							
		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Household Size	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price
Studio	1	$87,550	$250,112	$111,850	$339,854	$134,250	$420,033
1	2	$100,050	$294,431	$127,850	$397,046	$153,400	$488,810
2	3	$112,550	$338,934	$143,800	$454,422	$172,600	$557,404
3	4	$125,050	$383,253	$159,800	$511,614	$191,750	$626,182
4	5	$135,100	$418,929	$172,600	$560,295	$207,100	$681,167
5	6	$145,100	$454,422	$185,350	$603,194	$222,450	$736,152
6	7	$155,100	$489,914	$198,150	$648,985	$237,750	$791,137
7	8	$165,100	$525,590	$210,950	$694,775	$253,100	$846,123

**Effective November 24, 2025*

Rental Housing*													
		Ext. Low-Income (30%)		Very-Low Income (50%)		Lower-Income (60%)		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Size Household	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent
Studio	1	$33,600	$818	$55,950	$1,363	$67,140	$1,635	$87,550	$2,115	$111,850	$2,725	$134,250	$3,270
1(*)	1.5	$36,000	$878	$59,950	$1,558	$71,940	$1,752	$93,800	$2,266	$119,850	$2,919	$143,825	$3,504
1	2	$38,400	$935	$63,950	$1,558	$76,740	$1,869	$100,050	$2,416	$127,850	$3,114	$153,400	$3,738
2	3	$43,200	$1,051	$71,950	$1,753	$86,340	$2,103	$112,550	$2,719	$143,800	$3,504	$172,600	$4,204
3	4	$47,950	$1,168	$79,900	$1,946	$95,880	$2,336	$125,050	$3,020	$159,800	$3,893	$191,750	$4,671
4	5	$51,800	$1,261	$86,300	$2,103	$103,560	$2,523	$135,100	$3,263	$172,600	$4,204	$207,100	$5,045
4	6	$55,650	$1,355	$92,700	$2,259	$111,240	$2,751	$145,100	$3,504	$185,350	$4,515	$222,450	$5,419
4	7	$59,500	$1,449	$99,100	$2,414	$118,920	$2,930	$155,100	$3,745	$198,150	$4,826	$237,750	$5,793
4	8	$63,300	$1,541	$105,500	$2,570	$126,600	$2,930	$165,100	$3,988	$210,950	$5,138	$253,100	$6,166

**Effective November 24, 2025*

NOTES: These limits are based on income data from the California Department of Housing and Community Development (HCD) for 2025. The Affordable Sales Prices are effective for the 2026 Affordable Homeownership Program year and thereafter until updated by City Council. The 2025 Area Median Income for a 4-person household of $159,800 published by State HCD is derived from the U.S. Department of Housing and Urban Development for Alameda County (Oakland-Fremont Metro Region) for the Section 8 Program.

(*) Low Income Housing Tax Credit (LIHTC) Household size

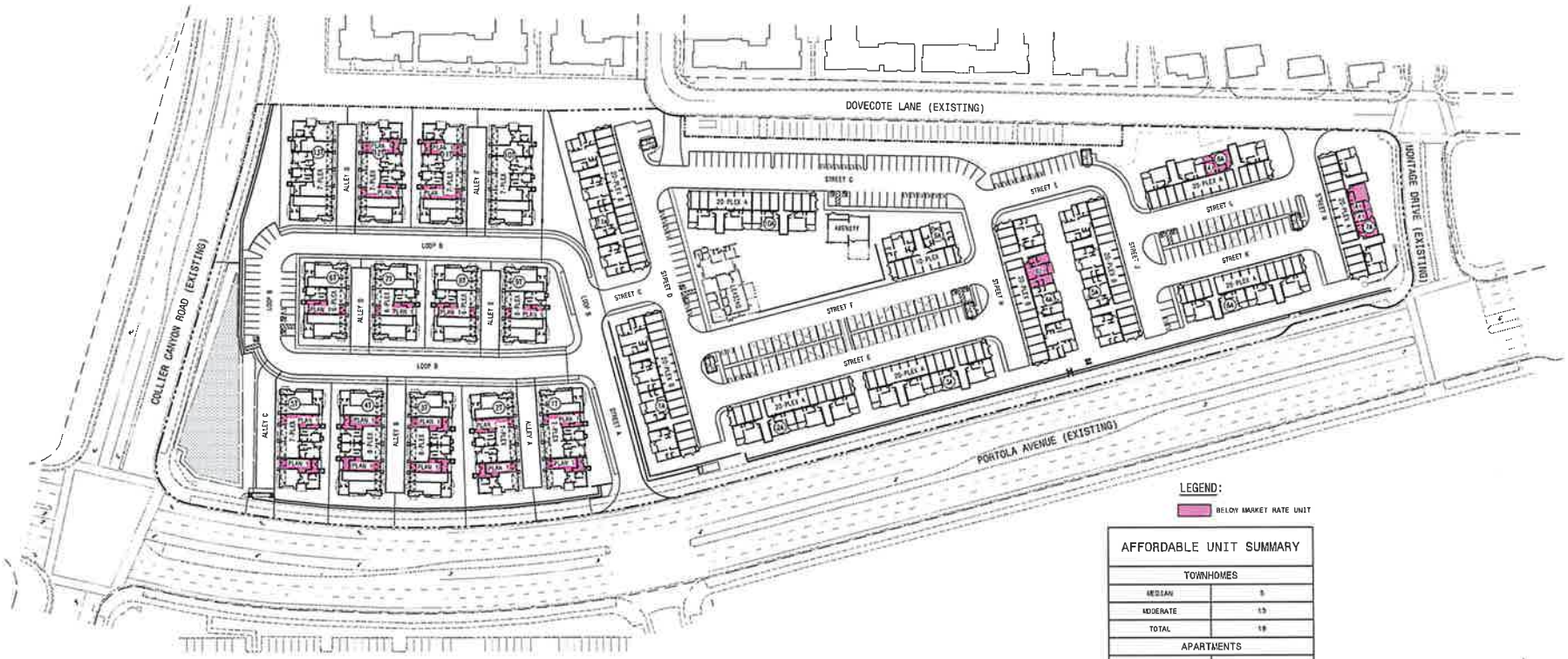
Sales Prices: assume a 6.00% interest rate, 30-year mortgage, and housing payments (PITI) which do not exceed 30% of the household's monthly income.
The Rental Housing limits are effective upon adoption by City Council and thereafter until updated by City Council. Rental affordability based on 30% of the household's monthly income and do not include tenant utility allowances. Utility allowances should be deducted from the maximum rents based on the Livermore Housing Authority's utility allowance schedule for the Section 8 Program.

Date Adopted by Livermore City Council: November 24, 2025.

EXHIBIT A

Attachment 3
Location of Affordable Units

A copy of VTM No. 8613 can be obtained from the City of Livermore City Clerk's office at: 1052 S. Livermore Avenue, Livermore, CA 94550



AFFORDABLE UNIT SUMMARY	
TOWNHOMES	
MEDIAN	5
MODERATE	13
TOTAL	18
APARTMENTS	
VERY LOW	14
LOW	14
MEDIAN	8
MODERATE	6
TOTAL	42

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON GROUND LEVEL. SEE SHEET C20 FOR BELOW MARKET RATE UNITS ON SECOND AND THIRD LEVELS.

0 30 60 120
SCALE: 1"=60'

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

MACKAY & SOMPS
ENGINEERS PLANNERS SURVEYORS

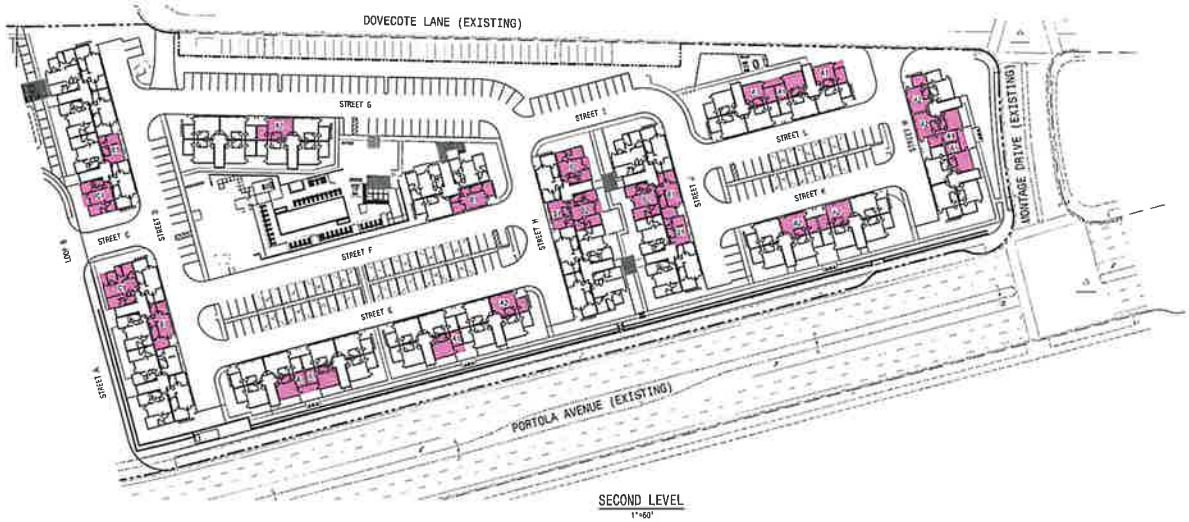
SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

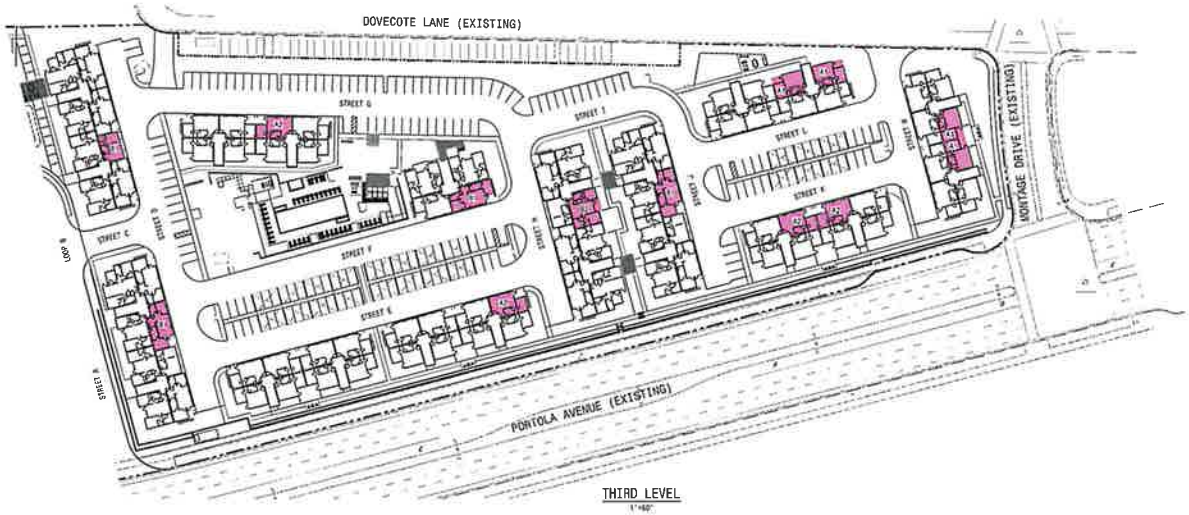
AFFORDABLE HOUSING EXHIBIT

C19

EXHIBIT A



SECOND LEVEL
1"=60'



THIRD LEVEL
1"=60'

LEGEND:

BELOW MARKET RATE UNIT

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON 2ND AND 3RD LEVELS.

0 30 60 120
SCALE: 1"=60'

EXHIBIT A

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

MacKAY & SOMPS

SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

AFFORDABLE HOUSING EXHIBIT

C20

Attachment 4
Insurance Requirements

ATTACHMENT 4

INSURANCE REQUIREMENTS

Minimum Scope and Limits of Insurance

Owner shall maintain limits no less than:

1. Commercial General Liability, including operations, products, and completed operations, as applicable:
   $3,000,000 per occurrence/$6,000,000 aggregate for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Builders' Risk (also known as Course of Construction). Limit should be the same as total contract costs, including soft costs and business interruption. The City of Livermore shall be endorsed as Loss Payee.
3. Automobile Liability:
   $1,000,000 per accident for bodily injury and property damage.
4. Workers' Compensation and Employer's Liability:
   Statutory limits as required by the State of California including $1,000,000 Employers' Liability per accident, per employee for bodily injury or disease. A waiver of subrogation is required for Workers' Compensation insurance. If Owner is a sole proprietor, then they must sign "Contractor Release of Liability".
5. Property. Owner is required to obtain and maintain property insurance coverage to cover full replacement value, to include improvements, and shall be written on an All Risk basis. The Property Insurance policy will also include a provision that protects the location and the City's interest if the Property is vacant and/or unoccupied for more than thirty (30) days. Owner's policy must also include a business interruption provision to cover loan payments for twelve
   (12) to twenty-four (24) months if the property is damaged and cannot be sold or occupied. Additionally, the City must also be named as a Loss Payee by endorsement such as 438 BFU NS or similar.

Deductibles and Self-Insured Retention

All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any self-insured retention (SIR) provision shall provide, or be endorsed to provide, that the SIR may be satisfied by either the named insured or the City of Livermore. The City of Livermore reserves the right to obtain a full copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of no less than A: VII and accepted to do business in the State of California, unless otherwise acceptable to the City of Livermore.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Livermore, its officers, officials, employees, and designated volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Owner; or automobiles owned, leased, hired, or borrowed by the Owner. The coverage shall contain no special limitations on the scope of protection afforded to the City of Livermore, its officers, officials, employees, or volunteers.
2. The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. The additional insured coverage under the Owner's policy shall be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 10 04 13. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City of Livermore before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.
3. Any failure to comply with reporting or other provisions of the policy, including breaches of warranties, shall not affect coverage provided to the City of Livermore, its officers, officials, employees, or volunteers.
4. The Owner's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party before expiration of the policy unless notice is delivered in accordance with policy provisions.
6. It shall be a requirement under this agreement that any available insurance proceeds broader than, or in excess of, the specified minimum insurance coverage requirements and/or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this agreement; or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater.
7. Certificate Holder section of the insurance certificate should read: City of Livermore, 1052 S. Livermore Avenue, Livermore, CA 94550

Verification of Coverage

Owner shall furnish certificates of insurance and endorsement(s) effecting coverage to the City of Livermore for approval. The endorsements shall be on forms acceptable to the City of Livermore. All certificates and endorsements are to be received and approved by the City of Livermore before work commences. The City of Livermore reserves the right to require complete copies of all insurance policies required by this Regulatory Agreement.

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City of Livermore
1052 S. Livermore Avenue
Livermore, CA 94550-4899

APN's 903-0010-029 (PORTION) & 903-0010-030 (PORTION)

REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

This REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Regulatory Agreement") is made and entered into this ____ day of _____, 20__ by and between the City of Livermore ("City"), and Livermore Multifamily, LLC ("Owner").

RECITALS

A. City approved the development of a mixed-income, multi-residential apartment development consisting of two hundred ten (210) rental units ("Development"), (Vesting Tentative Tract Map 8613) located as described on Attachment 1 attached hereto; and,

B. Based on the Conditions of Approval for Tract 8613, and Chapter 10.06.050 of the Livermore Development Code, Owner agreed to provide 42 residential units ("Affordable Units") for rent at affordable prices to Very Low-Income, Low-Income, Median-Income and Moderate-Income households as described herein to satisfy the affordable housing requirement for the Development.

C. To ensure that the Affordable Units within the Development shall be continuously made available to very low, low, median and moderate-income persons for the term of this Regulatory Agreement, City and Owner now desire to place restrictions upon the use and operation of the Affordable Units located within the Development.

AGREEMENT

NOW, THEREFORE, Owner and City declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Development shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and operation of the Development, and are established expressly and

exclusively for the use and benefit of the Development, each and every person and entity who may now or in the future own the Development, and City.

1. DEFINITIONS

1.1. "Affordable Rent" means, with respect to an Affordable Unit, the maximum monthly Rent for Affordable Units equal to thirty percent of (30%) of the income for the designated Qualifying Household as set forth in Attachment 2, "adjusted for family size appropriate to the unit" (as such term is defined by Health and Safety Code sections 50052.5 and 50053) including a reasonable allowance for tenant paid utilities (also known as Utility Allowance), set forth by the Livermore Housing Authority in their annual schedule and as adopted by City Council annually as part of the Affordable Rent schedule for City. Owner may commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent. An alternative utility allowance will be valid for the following calendar year after which Owner will either (1) use the annual schedule adopted by the City Council as part of the Affordable Rent schedule, or (2) commission a third party consultant to conduct its own analysis using the California Energy Commission's California Utility Allowance Calculator (CUAC) energy use model to determine an alternative utility allowance and may utilize such alternative utility allowance in determining Affordable Rent.

1.2. "Affordable Unit" means the forty-two (42) dwelling units in the Development set aside for occupancy by Qualifying Households and initially listed by unit numbers at Attachment 3 hereto. The location of the Affordable Units may be changed by Owner in order to maintain the affordability levels described herein so long as moving the location of the Affordable Units does not result in a less equitable distribution of Affordable Units within the Development taking into account the intent and purpose behind Attachment 3 with regard to the overall distribution of Affordable Units by quality, type, quantity, and location within the Development.

1.3. "City" means City of Livermore, a municipal corporation and political subdivision of the State of California, and its successors.

1.4. "Date of Initial Occupancy" means the date that the Development was first occupied by tenants following completion of construction as evidenced by the filing of the Notice of Completion.

1.5. "Development" or "Property" or "Site" shall mean the multi-family rental property located within Tract 8613, Lot 14 identified on the Tentative Map.

1.6. "Income Certification" means a written certification as to income executed by a Qualifying Household in the Development prior to its initial occupancy and on every anniversary thereafter, indicating the identity of each tenant household member, household size and total gross household income. Owner shall maintain such

certificates for not less than five (5) years and upon City's request provide copies of such certificates to City and make the originals available for City inspection.

1.7. "Initial Lease-Up Period" shall mean such time period commencing when Affordable Units are first made available for marketing to Qualified Households and ending upon the earlier of (1) all Affordable Units have entered an initial lease with a Qualifying Household or (2) one year has passed since all Affordable Units have been made available to Qualifying Households to submit applications

1.8. "Low Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed eighty percent (80%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Low Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.9. "Median Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed one hundred percent (100%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Median Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.10. "Moderate Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed one hundred twenty percent (120%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Median Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

1.11. "Owner" or "Developer" means Livermore Multifamily, LLC.

1.12. "Preference Plan" means prioritizing existing Livermore residents or employees during the Initial Lease-Up Period.

1.13. "Qualifying Household" means a household in which household income does not exceed the percentage of Area Median Income prescribed for the Affordable Unit by the terms of this Agreement. With respect to the Affordable Units, the determination of a Qualifying Household, and the various levels of affordability applicable to a Qualifying Household shall be consistent with City's municipal code and, to the extent not inconsistent with Attachment 2, in accordance with the rules applied by

the Housing and Community Development department of the State of California ("HCD"). In the event of a conflict between criteria and methodology applied by HCD, on the one hand, and the criteria and methodology set forth in City's municipal code, the criteria and methodology in City's municipal code shall control.

1.14. "Rent" means the total of monthly payments charged by Owner to, and paid by, a Resident of an Affordable Unit (other than manager's units) for the following: use and occupancy of the Affordable Unit and land and associated facilities, any separately charged fees or service charges assessed by Owner which are required of all Residents, other than security deposits, and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Owner, and paid by the Resident. Utility charges which are individually metered for each unit in the Development shall be billed directly to the Residents of Affordable Units in addition to and separate from any items of Rent, however such charges shall be considered within the tenant utility allowance as previously described and deducted from the Affordable Rent. Optional amenities such as garages, internet services and in-unit washer/dryers will be available and charged for separately to the extent that market rate tenants are charged for those amenities and do not constitute Rent.

1.15. "Resident" means a Qualified Household occupying an Affordable Unit in the Development.

1.16. "Very Low Income Tenants" means the occupants of an Affordable Unit whose household income, as computed pursuant to the Income Certification, does not exceed fifty percent (50%) of the median income for Alameda County, adjusted for actual household size, as published annually by the California Department of Housing and Community Development. Determination of the status of an occupant of a unit as a Very Low Income Tenant shall be made upon initial occupancy of an Affordable Unit by such occupant and such tenant shall remain qualified upon annual certification until such time as the tenant exceeds 140% of the applicable income limit.

2. INTERPRETATION

2.1. Gender. Words importing any gender include all genders. Words importing persons include firms, associations, and corporations. Words importing the singular shall include the plural and vice versa.

2.2. Similar Terms. The terms "herein", "hereunder", "hereby", "hereto", "hereof' and any similar terms refer to this Regulatory Agreement; the term "heretofore" means before the date of this Regulatory Agreement; and the term "hereafter" means after the date of this Regulatory Agreement.

2.3. Articles and Sections. Articles and Sections mentioned by number only are the respective Articles and Sections of this Regulatory Agreement so numbered. Reference to "this Article," "this Section" or "this subsection" shall refer to the particular Article, Section or subsection in which such reference appears. Any captions, titles or

heading preceding the text of any Article or Section herein and any table of contents or index attached to this Regulatory Agreement or any copy thereof are solely for convenience of reference and shall not constitute part of this Regulatory Agreement or affect its meaning, construction, or effect.

3. USE OF PROPERTY

Development shall be used as a rental apartment complex. The Affordable Units shall be leased to Qualifying Households in accordance with the requirements of this Agreement, at all times, for a period of 55 years from the Date of Initial Occupancy.

4. NONDISCRIMINATION

4.1. Covenants. Subject to Section 4.2 below, Owner covenants of and by itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, national origin, age, or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenant shall run with the land and shall survive termination of this Regulatory Agreement.

4.2. Implementation of Preference Plan. To the extent required under City's municipal code and to the extent permitted by California and federal law, Owner agrees to rent the Affordable Units through specified City programs to implement applicant selection preferences in accordance with City's published guidelines and Preference Plan.

4.3. Exclusion. Owner will not exclude or discriminate against any person in the United States, on the grounds of race, color, religion, national origin, sex, sexual orientation, familial status, physical or mental disability, or age from participating in, or benefiting from, any program or activity related to the Development. Specifically, Owner will not, based on the above grounds:

4.3.1 Deny any service or other benefit provided under any program activity;

4.3.2 Provide any service or other benefit which is different, or is provided in a different form from that provided to others under any program or activity;

4.3.3 Subject to segregated or separate treatment in any facility in, or in any manner or process related to receipt of any service or benefit under any program or activity;

4.3.4 Restrict in any way the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit under any program or activity;

4.3.5 Treat an individual differently from others in determining whether that individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under any program or activity; or

4.3.6 Deny an opportunity to participate in any program or activity as an employee.

5. AFFORDABILITY

5.1. Affordability. Affordable Units shall rent for no greater than the amounts permitted by Section 1.1. Based on the Income Certification, Owner will certify that the income of all households renting the designated Affordable Unit does not exceed the established income levels. Owner will maintain tenant files to document eligibility for City's review. The Affordable Units must at all times be occupied by, or available for occupancy by, Qualifying Households. If a Resident of an Affordable Unit no longer qualifies for an Affordable Rent under any of the applicable income categories, then the Resident's rent may be increased to Owner's then current market rent for such unit, and Owner agrees that the next available same Unit type shall be made available to a Qualifying Household at the rent level necessary to fulfill the affordability requirements of this Agreement, as applicable.

5.2. Affordable Unit Composition. Affordable Units shall be comparable in amenities to the other residential units at the Property. As defined in Section 1.1, Affordable Rent shall include a reasonable allowance for tenant-paid utilities including gas, electricity, water, and garbage collection as applicable. Utilities shall not include television, cable, telephone, and internet service; provided, however that the foregoing shall not prohibit Owner from instituting a billing system for any optional amenities as described in Section 1.14 which are separately billed to the tenants, so long as such bill back system operates in the same manner for both the Affordable Units and all other residential units at the Property, and provided further that if any or all such amenities are offered at no cost to market rate units then those same amenities shall also be offered at no cost to the Affordable Units.

6. OCCUPANCY

Maximum Occupancy Levels. Actual occupancy levels for each Affordable Unit can be up to the HUD maximum allowable two persons per bedroom plus one. For studio units, the maximum occupancy is two persons.

Unit Size	Maximum Household Size
Studio	2
One-bedroom- unit	3

Two-bedroom- unit	5
Three-bedroom- unit	7

7. MARKETING AND MANAGEMENT PROCEDURES

7.1. Marketing and Tenant Selection. Owner shall coordinate with City in the marketing of the Affordable Units and selection of the Qualifying Households for the Affordable Units. Owner shall establish and maintain written marketing and selection procedures for the Affordable Units, subject to review and approval of City which shall, except as otherwise modified by Owner and City: 1) demonstrate compliance with the terms of this Agreement and provide criteria for determining tenant eligibility; 2) during the Initial Lease-Up Period, provide an applicant screening process based on order of application, lottery or other reasonable method approved by City and which complies with the requirements of Section 4.2; 3) ensure that the Affordable Units shall be marketed through local media sources, City's website, and other standard public noticing methods to ensure fair public noticing standards including outreach to specific agencies identified by City; and, 4) provide for ineligible applicants to be notified for the reason for their ineligibility and specific procedures through which applicants deemed ineligible may appeal this determination. The Marketing and Management Plan describes the process for marketing, screening, and application procedures after the initial lease-up (i.e., unit turnover). Owner shall maintain a written waiting list of applicants for the Affordable Units and provide a copy to City. Any units provided at a subsidized rate by Owner as a benefit of employment shall not be counted as an Affordable Unit.

7.2. Leasing. Owner and its leasing staff are responsible for occupant selection and documentation of tenant eligibility for Affordable Units. Owner is responsible for training of leasing staff to explain the rental application process. During the Initial Lease-Up Period, Owner's leasing staff shall do the following: 1) Collect applications for a specified time period; 2) Screen applicants to determine whether they satisfy the requirements for Qualified Households. To the extent permitted by law, Owner shall during the Initial Lease-Up Period; (i) Sort and rank the applications of Qualified Households to produce a priority list based on the Preference Plan and (ii) Offer the Affordable Units to applicants based on the priority list; and 3) execute an initial Rental Agreement of no less than 12 months with the Qualified Household that notifies them that they may not sublease the unit and that annual certification is required. Owner shall maintain applications with income verification and recertification for City to review during annual on-site monitoring.

7.3. Accessible Units. The Development shall provide one ADA accessible Affordable Unit for persons with disabilities.

8. MONITORING

Owner shall be responsible for the cost of compliance with this Agreement. Owner shall be responsible for paying City's annual monitoring fee for multi-family rental

Developments, which is adjusted by City annually and based on the number of Affordable Units in the Development.

9. MAINTENANCE

9.1. Maintenance Obligation. Owner for itself for so long as it owns all or any portion of the Site and for its successors, assigns and successors in interest, including each Owner, agrees to maintain the Site, and all landscaping, open space, improvements and structures upon the Site in good condition and repair, and shall keep the entire Site free from an accumulation of debris or waste materials or other nuisances. Owner shall also maintain all landscaping on the Site in a healthy condition and replace any deteriorated or dead landscaping. The Site shall be maintained in accordance with all codes, laws, regulations, and ordinances of City of Livermore as they now exist or may be amended. Owner shall maintain the Site in such a manner so that a public nuisance is not created which is detrimental to public health, safety, or general welfare

9.2. Right of Entry. In the event Owner fails to maintain the Site in the above mentioned condition, and satisfactory progress is not made in correcting the condition within sixty (60) from the date of written notice from City, or such longer period as may be reasonably necessary to correct the condition as long as Owner is working diligently to effect such cure, City may, at its option, and without further notice to Owner, declare the unperformed maintenance to constitute a public nuisance. Thereafter, City, or its employees, contractors or agents, may cure the default by entering upon the Site and performing the necessary landscaping and/or maintenance. City shall give Owner notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Regulatory Agreement and is compliant with all laws. Owner shall pay such costs as are reasonably incurred by City for such maintenance.

9.3. Lien. If the costs incurred pursuant to Section 9.2 are not reimbursed within thirty (30) days after the receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of ten (10%) per annum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be a lien and charge, with power of sale, upon the Site. Any such lien may be enforced by power of sale by City following recordation of a Notice of Default given in the manner and time required by law as in the case of a deed of trust. Such sale shall be conducted in accordance with the provisions of Section 2924, *et seq.*, of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust now or hereafter covering an ownership interest in and to the Site, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in-lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other

assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at the foreclosure sale, as owner of the subject parcel after the date of such foreclosure sale, shall become a lien upon such parcel upon recordation of a Notice of Default as herein provided.

10. SENIOR LENDER MORTGAGEE CURE RIGHTS

After receipt of notice from City setting forth the nature of a breach under Section 15 of this Regulatory Agreement, any Senior Lender (as defined below) shall have the same rights as Owner to cure any default hereunder on behalf of Owner; provided any Senior Lender shall have an additional ninety (90) days to cure beyond the cure period afforded to Owner to cure such or default (with additional time as needed in the event that the cure of such breach or default has been commenced and is being diligently prosecuted to completion). Notwithstanding the foregoing, the cure periods of any Senior Lender described in this Section shall be tolled in the event that any bankruptcy or other legal proceeding prevents any Senior Lender from acting to cure such default during the pendency of such bankruptcy or other legal proceeding, but only (i) if the Senior Lender has made reasonable effort to cure any such breach or default prior to such bankruptcy, and (ii) did not file the bankruptcy or other legal proceedings. No notice or demand given to Owner under this Agreement shall be effective until and unless a copy of such notice is given to each Senior Lender. Any notices of default shall describe the breach or default with reasonable detail. City agrees to accept performance by a Senior Lender of any cures, conditions and covenants as though performed by Owner, and agrees to permit a Senior Lender to take all such actions as may be necessary or useful to perform any condition or covenant of this Agreement or to cure any breach or default of Owner. Prior to the expiration of the cure rights of any Senior Lender hereunder, City shall not affect or cause any action to deny Owner of possession, occupancy, or quiet enjoyment of the Property or any part thereof. Nothing in this Section 10, shall be construed to obligate any Senior Lender to remedy any default of Owner, and any failure of any Senior Lender to complete any such cure after commencing the same shall not give rise to any liability of any Senior Lender to City with respect to the default. For purposes of this Regulatory Agreement, "Senior Lender means any lender regularly engaged in commercial financing which is providing financing to, and secured by, the Property, which such lender may include an affiliate of Owner.

11. SUBORDINATION

Upon request of any Senior Lender, City shall subordinate this Regulatory Agreement, other than the provisions of Section 5 of this Regulatory Agreement, to any financing provided by any Senior Lender to the extent required by any Senior Lender. City Manager is authorized to enter into any subordination agreement required by any Senior Lender to effect such subordination.

12. PROPERTY MANAGEMENT

Owner shall be responsible for ensuring the Development's property management either by performing the services themselves or by hiring the services of a professional property manager. These responsibilities include processing financial statements, handling of receivables and payables, tenant selection, and compliance with terms and conditions of the Regulatory Agreement.

13. ENCUMBRANCE OF PROPERTY

Owner shall not encumber the Property, including the granting of commercial leases, or permit the conveyance, transfer or encumbrance of such Property (except for apartment leases entered into by qualified tenants) or to allow the placement of any liens, notes or deeds or use the Property as security for a note or loan without first notifying City if such encumbrance or placement of liens, notes or deeds or use of the Property as security would impact the priority of City's rights hereunder.

14. CHANGE OF USE

Property shall be used as specified under Section 3 for the term of this Regulatory Agreement. Within the term of this Regulatory Agreement, Owner may propose a change of use in the event that the Affordable Units are no longer needed for the purpose specified in this Regulatory Agreement and the Affordable Units will be used to benefit individuals or families whose incomes do not exceed 80 percent of median income for the area. Owner must obtain written approval from City prior to changing use.

15. DEFAULTS AND REMEDIES

15.1. Defaults; Remedies. If Owner shall fail to observe or perform, in the sole discretion of City, any covenant, condition, or agreement contained herein on its part to be observed or performed for a period of sixty (60) days after written notice from City specifying such failure and requesting that it be remedied, unless City shall agree in writing to an extension of such time prior to its expiration which consent shall not be unreasonably withheld in the event that the failure specified in the notice cannot be corrected within the applicable period and Owner has instituted corrective action within the applicable period and has diligently pursued such corrective action, then and in such event (an "Event of Default"), City shall be entitled and in addition to all other remedies provided by law or in equity:

15.1.1 To compel specific performance by Owner of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of Owner's default;

15.1.2 To the extent permissible under laws and regulations protecting individual confidentiality, to have access to, to inspect, and to make

copies and to audit all books and records of Owner pertaining to the Development;

15.1.3 To cause Owner to pay to City, if the sixty (60) day cure period has been exceeded and no cure has been achieved, as a penalty, an amount equal to the difference between the Rent received by Owner for Affordable Units and the Affordable Rent applicable with respect to such Affordable Units required hereunder to be rented to Very Low Income Tenants, if such Affordable Units are knowingly or grossly negligently rented to persons who do not comply with the requirements of such Affordable Units; and

15.1.4 To conduct an evaluation of the management and operation of the Development, and, provided City has provided written notice to Owner of such evaluation at least thirty (30) days prior to commencing such evaluation, the reasonable expenses of City or any consultants associated with such evaluation and direction shall be reimbursed by Owner. City may retain attorneys and consultants to assist in such evaluation and Owner shall pay the reasonable fees and expenses of such attorneys and consultants and any other reasonable expenses incurred by City in that connection. Owner is not obligated to pay any costs of evaluation, as incurred within this provision, if the evaluation finds that there has been no Event of Default.

15.2. Breach of Regulatory Agreement. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Agreement, (i) the liability of Owner under this Agreement to any person or entity, including, but not limited to, City, and its successors and assigns, is limited to Owner's interest in the Property, and such persons and entities shall look exclusively thereto, and (ii) from and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any agreement pertaining to the Property or any other agreement securing Owner's obligations under this Agreement), shall be rendered against Owner, the assets of Owner (other than Owner's interest in the Property), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Agreement, or any other recorded regulatory agreement securing the obligations of Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

16. SUCCESSORS BOUND

This Regulatory Agreement and the covenants and conditions contained herein shall run with the land and shall bind, and the benefits shall inure to, respectively, Owner and its successors and assigns and all subsequent Owners of the Development or any interest herein, and City and its successors and assigns. Owner may assign its rights,

duties, and powers under this Regulatory Agreement upon notification to City of the transfer and conditioned upon the successor in interest's agreement to assume all rights, duties, and responsibilities under the Regulatory Agreement as to the portion of the Development being purchased by the successor, whereupon Owner shall be released from any future liability under this Agreement.

17. RECORDATION OF REGULATORY AGREEMENT

Owner shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded in the land records of the County of Alameda, and in such other places as City may reasonably request. Once the Development has been subdivided creating the Development as a separate legal parcel, Owner and City will record a termination of the Regulatory Agreement as to all portions of the Development other than the Development as defined herein.

18. NOTICES

All notices, certificates or other communications, with the exception of status reports required under Section 23, shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed by certified mail, postage prepaid, addressed as follows:

If to City:

City of Livermore
1052 S. Livermore Avenue
Livermore, California 94550-4899
Attention: Housing and Human Services Manager

If to Owner:

Shea Properties
Attention: Josh Harnett
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

With Copies To:

Shea Properties
Attention: Julia A. Guizan, Esq.
130 Vantis Street, Suite 200
Aliso Viejo, CA 92656

Status reports, as required under Section 23, shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed to City, addressed as specified in this Section 18. City and Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

19. INDEMNIFICATION

19.1. Indemnification of City. Owner hereby covenants and agrees that it shall, at its own expense, defend, indemnify and hold harmless City, its elected officials, respective officers, directors, employees, agents and designated volunteers (each, a "City Indemnitee") from and against any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the performance by Owner and its officers, directors, officials, employees and agents under this Regulatory Agreement, except that Owner shall not be required to indemnify the City or City Indemnitee for damages caused by the negligence, fraud, or willful misconduct of such Indemnitee. Owner's indemnification of City or City Indemnitee shall not extend to that portion of any claim, action or obligation that is the subject of any indemnification by City of Owner as provided in Section 19.3.

19.2. Attorney's Fees of City. In the event that any action or proceeding is brought against City, or any City Indemnitee, with respect to which indemnity may be sought hereunder, Owner, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and Owner shall pay the fees and expenses of such separate counsel.

19.3. Indemnification of Owner. City hereby covenants and agrees that it shall, at its own expense, indemnify and hold harmless Owner and its agents, owners, members, partners, affiliates, trustees and beneficiaries, and their respective successors and assigns (each, an "Owner Indemnitee"), from and against any claims, demands, losses, damages, liabilities, lawsuits, and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising, directly or indirectly, in whole or in part, under federal or state fair housing laws, with respect to Owner's compliance with the Preference Plan. City's indemnification of Owner and each Owner Indemnitee is limited to the portion of an action directly related to Owner's implementation of the Preference Plan.

19.3.1 City shall not be required to indemnify Owner for damages caused by the negligence, fraud, or willful misconduct of Owner.

19.3.2 In addition to the obligation to indemnify and hold harmless Owner and each Owner Indemnitee as outlined in Section 19.3, City shall defend Owner and each Owner Indemnitee if an action or obligation arises solely on the basis of Owner's implementation of the Preference Plan, subject to the exclusions outlined in Section 19.3.1.

19.4. Attorney's Fees of Owner. In the event that any action or proceeding is brought against Owner, or any Owner Indemnitee, with respect to which indemnity may be sought hereunder, City, upon written notice from the indemnified party, shall assume the investigation and defense thereof, where such obligation to defend arises as

described in Section 19.3.2, including the employment of counsel and the payment of all separate counsel in any such action or proceedings and to participate in the defense thereof, and City shall pay the fees and expenses of such separate counsel.

19.5. Liens. Owner also shall pay and discharge and shall indemnify and hold harmless City from (i) any lien or charge upon payments by Owner to City, and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Development. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, City shall give prompt notice to Owner and Owner shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion. In addition thereto, Owner will pay upon demand all of the fees and expenses paid or incurred by City in enforcing the provisions hereof.

19.6. Insurance. Owner shall procure and maintain insurance during the term of this Regulatory Agreement in the amounts and under the terms set forth in Attachment 4 against claims that may arise from or in connection with this Regulatory Agreement and performance of the Services. Upon reasonable written notice, Owner shall comply with any changes in the amounts and terms of insurance as may be required from time-to-time by City's Risk Manager.

20. GOVERNING LAW

This Regulatory Agreement shall be construed in accordance with the laws of the State of California.

21. SEVERABILITY

The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

22. AVAILABILITY OF RECORDS

All tenant lists, applications, verification of tenant income, and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Development and shall be maintained by Owner in a reasonable condition for proper audit, to the extent permissible under laws and regulations protecting individual confidentiality. All such documents are subject to examination during business hours by representatives of City. Failure to keep such lists and applications or to make them available to City will be a default hereunder. Records shall be kept for a minimum of three years.

23. REPORTING REQUIREMENTS

23.1. Reporting. Owner shall submit to City quarterly Development status reports for the first year following the Date of Initial Occupancy no later than 30 days after the end of each quarter. When City directs otherwise, Owner shall submit to City

annual reports in a form approved by City, no later than seventy-five (75) thirty (30) days after the end of Owner's fiscal year. The reports shall contain such information as City may reasonably require, including, but not limited to, the following:

23.1.1 The occupancy of the Development for the Affordable Units indicating:

- The number of Affordable Units available to and/or actually occupied by Residents;
- With respect to Affordable Units, a listing of current tenants' income levels, move-in dates and to the extent permitted by law race/ethnicity data; and
- The number of tenants of Affordable Units served to date for each program year.

23.1.2 Owner shall submit to City reports required under this Section 23 or other such reports as may be required by City in order to comply with reporting requirements as to compliance with City's housing element. Upon request of City, Owner shall also furnish copies of all tenant agreements for the Affordable Units.

24. MANDATORY LANGUAGE IN ALL SUBSEQUENT DEED, LEASES AND CONTRACTS

Owner and its agents shall not, in the selection or approval of tenants or provision of services in any other matter, discriminate against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status, national origins, ancestry, age or disability. All deeds or leases made or entered into by Owner, its successors or assigns, as to any portion of the Development shall contain the following language to the extent permitted by law:

24.1. In Deeds: "Grantee herein covenants by and for itself,, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, age or disability in the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

24.2. In Leases: "The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex sexual orientation, marital status, national

origin, ancestry, age, or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any or any person permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

25. AMENDMENTS

Except as otherwise provided hereunder, this Regulatory Agreement may not be amended, changed, modified, altered or terminated except as permitted in this Regulatory Agreement. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Alameda, California.

26. NO THIRD PARTY BENEFICIARIES

This Agreement is not enforceable by and does not run to the benefit of any Person or entity other than Owner, its successors and assigns, and City. No member of the public, no Resident or other Person that occupies an Affordable Unit, no adjacent landowner, nor any other party shall acquire any right or benefit under this Agreement or the right to enforce any provision of this Agreement against Owner or City.

27. TERM OF REGULATORY AGREEMENT

The terms of this Regulatory Agreement shall be for 55 years from the Date of Initial Occupancy.

28. EXECUTION IN COUNTERPARTS

This Regulatory Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same Regulatory Agreement.

[Signatures and Attachment List on the Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement to be executed by their duly authorized representatives as of the day, month and year first above written.

OWNER:

LIVERMORE MULTIFAMILY, LLC
a California limited liability company

By: SHEA PROPERTIES MANAGEMENT COMPANY, INC.
a Delaware corporation
it's manager

By: _____
Name: Willis Chin
Its: Assistant Secretary
For:
Date: 1/26/2026

By: _____
Name: Bryan McGowan
Its: Vice President
For:
Date: 1/26/2026

CITY OF LIVERMORE:

Dated:

_____
Marianna A. Burch
City Manager

_____

APPROVED AS TO FORM:

_____
Deputy/Assistant/Senior Assistant/City Attorney

Attachments:
Attachment 1 – Legal Description
Attachment 2 – 2025 Affordable Rent Limits
Attachment 3 - Location of Affordable Units
Attachment 4 - Insurance

CALIFORNIA ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange }

On January 26, 2026 (Date) before me, Julie A. Holmes, Notary Public (Here Insert Name and Title of the Officer)

personally appeared Bryan McGowan Willis Chin (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

JULIE A. HOLMES
Notary Public - California
Orange County
Commission # 2516524
My Comm. Expires May 3, 2029

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Signature of Notary Public)

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

©2019 National Notary Association

Attachment 1
Legal Description

EXHIBIT "A"

For APN/Parcel ID(s): 903-0019-001-00

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

PARCEL ONE:

Lot 14 of Tract 8613, filed December 13, 2023, in Book 371 of Maps, at Page 3 through 9, Official Records of Alameda County.

PARCEL TWO:

Easement(s) appurtenant to Parcel One, for ingress and egress on, over, through and across the Shared Access Area and Shared Storm Drain System, and Condominium Storm Drain Lines and Facilities and portions of the streets and open space on the Condominium Property adjoining and abutting such Shared Access Area, Shared Storm Drain System and Condominium Storm Drain Lines and Facilities, as contained in that certain document entitled "EASEMENT, MAINTENANCE AND COST SHARING AGREEMENT", recorded July 2, 2024, Recording No. 2024080602, of Official Records.

Attachment 2
2025 Income and Affordable Rent Limits

Attachment 2

LIVERMORE

City of Livermore
Affordable For-Sale Prices and Rental Rates

For-Sale Housing*							
		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Household Size	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price	Maximum Income	Maximum Purchase Price
Studio	1	$87,550	$250,112	$111,850	$339,854	$134,250	$420,033
1	2	$100,050	$294,431	$127,850	$397,046	$153,400	$488,810
2	3	$112,550	$338,934	$143,800	$454,422	$172,600	$557,404
3	4	$125,050	$383,253	$159,800	$511,614	$191,750	$626,182
4	5	$135,100	$418,929	$172,600	$560,295	$207,100	$681,167
5	6	$145,100	$454,422	$185,350	$603,194	$222,450	$736,152
6	7	$155,100	$489,914	$198,150	$648,985	$237,750	$791,137
7	8	$165,100	$525,590	$210,950	$694,775	$253,100	$846,123

**Effective November 24, 2025*

Rental Housing*													
		Ext. Low-Income (30%)		Very-Low Income (50%)		Lower-Income (60%)		Low-Income (80%)		Median-Income (100%)		Moderate-Income (120%)	
No. Bedrooms	Size House-hold	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent	Maximum Income	Maximum Rent
Studio	1	$33,600	$818	$55,950	$1,363	$67,140	$1,635	$87,550	$2,115	$111,850	$2,725	$134,250	$3,270
1(*)	1.5	$36,000	$878	$59,950	$1,558	$71,940	$1,752	$93,800	$2,266	$119,850	$2,919	$143,825	$3,504
1	2	$38,400	$935	$63,950	$1,558	$76,740	$1,869	$100,050	$2,416	$127,850	$3,114	$153,400	$3,738
2	3	$43,200	$1,051	$71,950	$1,753	$86,340	$2,103	$112,550	$2,719	$143,800	$3,504	$172,600	$4,204
3	4	$47,950	$1,168	$79,900	$1,946	$95,880	$2,336	$125,050	$3,020	$159,800	$3,893	$191,750	$4,671
4	5	$51,800	$1,261	$86,300	$2,103	$103,560	$2,523	$135,100	$3,263	$172,600	$4,204	$207,100	$5,045
4	6	$55,650	$1,355	$92,700	$2,259	$111,240	$2,751	$145,100	$3,504	$185,350	$4,515	$222,450	$5,419
4	7	$59,500	$1,449	$99,100	$2,414	$118,920	$2,930	$155,100	$3,745	$198,150	$4,826	$237,750	$5,793
4	8	$63,300	$1,541	$105,500	$2,570	$126,600	$2,930	$165,100	$3,988	$210,950	$5,138	$253,100	$6,166

**Effective November 24, 2025*

NOTES: These limits are based on income data from the California Department of Housing and Community Development (HCD) for 2025. The Affordable Sales Prices are effective for the 2026 Affordable Homeownership Program year and thereafter until updated by City Council. The 2025 Area Median Income for a 4-person household of $159,800 published by State HCD is derived from the U.S. Department of Housing and Urban Development for Alameda County (Oakland-Fremont Metro Region) for the Section 8 Program.

(*) Low Income Housing Tax Credit (LIHTC) Household size

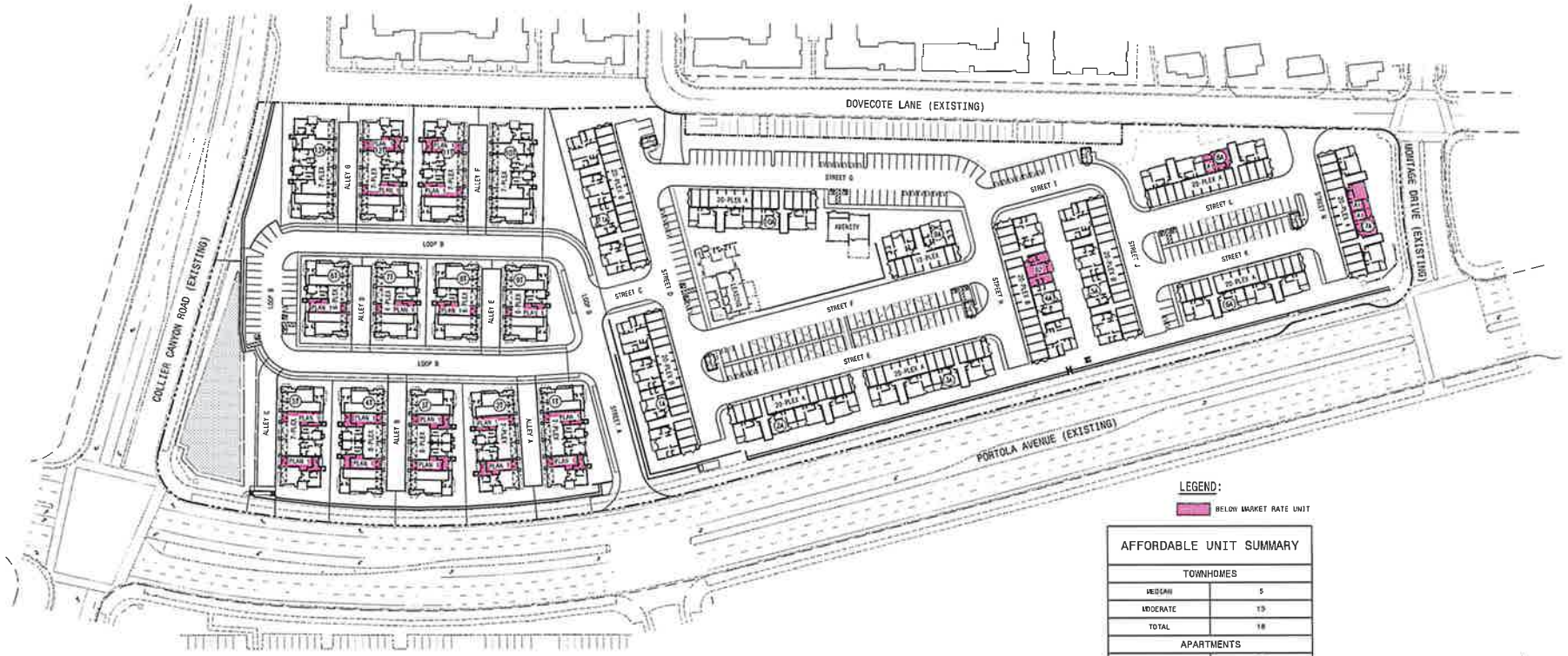
Sales Prices: assume a 6.00% interest rate, 30-year mortgage, and housing payments (PITI) which do not exceed 30% of the household's monthly income.
The Rental Housing limits are effective upon adoption by City Council and thereafter until updated by City Council. Rental affordability based on 30% of the household's monthly income and do not include tenant utility allowances. Utility allowances should be deducted from the maximum rents based on the Livermore Housing Authority's utility allowance schedule for the Section 8 Program.

Date Adopted by Livermore City Council: November 24, 2025.

EXHIBIT B

Attachment 3
Location of Affordable Units

A copy of VTM No. 8613 can be obtained from the City of Livermore City Clerk's office at: 1052 S. Livermore Avenue, Livermore, CA 94550



LEGEND:

BELOW MARKET RATE UNIT

AFFORDABLE UNIT SUMMARY	
TOWNHOMES	
MEDIAN	5
MODERATE	13
TOTAL	18
APARTMENTS	
VERY LOW	14
LOW	14
MEDIAN	8
MODERATE	6
TOTAL	42

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON GROUND LEVEL. SEE SHEET C20 FOR BELOW MARKET RATE UNITS ON SECOND AND THIRD LEVELS.

0 30 60 120
SCALE: 1"=60'

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

MacKAY & SOMPS

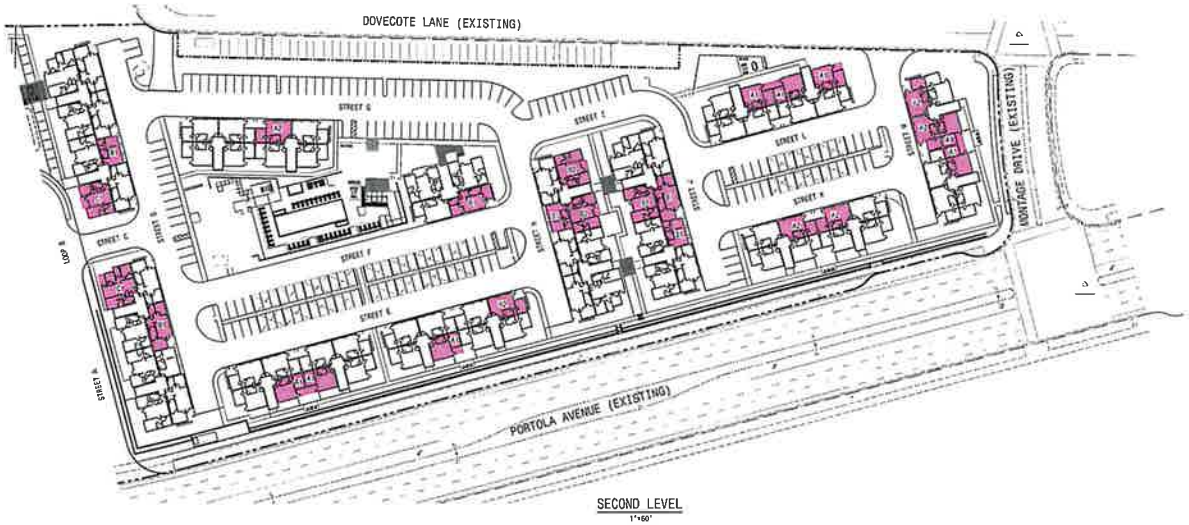
SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

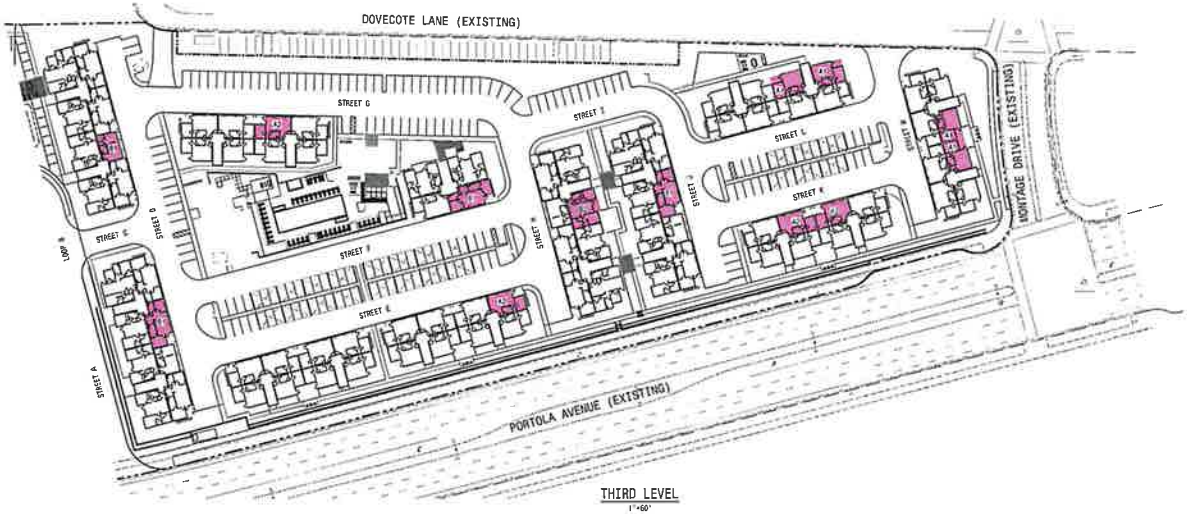
AFFORDABLE HOUSING EXHIBIT

C19

EXHIBIT B



SECOND LEVEL
1"=60'



THIRD LEVEL
1"=60'

LEGEND:

BELOW MARKET RATE UNIT

NOTE:
APARTMENT HATCHING SHOWN ON THIS SHEET REPRESENTS BELOW MARKET RATE UNITS ON 2ND AND 3RD LEVELS.

0 30 60 120
SCALE: 1"=60'

EXHIBIT B

SHEA-PORTOLA AVENUE
LIVERMORE, CALIFORNIA

MACKAY & SOMPS

SHEA PROPERTIES
M&S # 29024

VESTING TENTATIVE TRACT MAP NO. 8613
June 2, 2022

AFFORDABLE HOUSING EXHIBIT

C20

Attachment 4
Insurance Requirements

ATTACHMENT 4

INSURANCE REQUIREMENTS

Minimum Scope and Limits of Insurance

Owner shall maintain limits no less than:

1. Commercial General Liability, including operations, products, and completed operations, as applicable:
   $3,000,000 per occurrence/$6,000,000 aggregate for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Builders' Risk (also known as Course of Construction). Limit should be the same as total contract costs, including soft costs and business interruption. The City of Livermore shall be endorsed as Loss Payee.
3. Automobile Liability:
   $1,000,000 per accident for bodily injury and property damage.
4. Workers' Compensation and Employer's Liability:
   Statutory limits as required by the State of California including $1,000,000 Employers' Liability per accident, per employee for bodily injury or disease. A waiver of subrogation is required for Workers' Compensation insurance. If Owner is a sole proprietor, then they must sign "Contractor Release of Liability".
5. Property. Owner is required to obtain and maintain property insurance coverage to cover full replacement value, to include improvements, and shall be written on an All Risk basis. The Property Insurance policy will also include a provision that protects the location and the City's interest if the Property is vacant and/or unoccupied for more than thirty (30) days. Owner's policy must also include a business interruption provision to cover loan payments for twelve
   (12) to twenty-four (24) months if the property is damaged and cannot be sold or occupied. Additionally, the City must also be named as a Loss Payee by endorsement such as 438 BFU NS or similar.

Deductibles and Self-Insured Retention

All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any self-insured retention (SIR) provision shall provide, or be endorsed to provide, that the SIR may be satisfied by either the named insured or the City of Livermore. The City of Livermore reserves the right to obtain a full copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of no less than A: VII and accepted to do business in the State of California, unless otherwise acceptable to the City of Livermore.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Livermore, its officers, officials, employees, and designated volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Owner; or automobiles owned, leased, hired, or borrowed by the Owner. The coverage shall contain no special limitations on the scope of protection afforded to the City of Livermore, its officers, officials, employees, or volunteers.
2. The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. The additional insured coverage under the Owner's policy shall be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as ISO Form CG 20 10 04 13. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City of Livermore before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.
3. Any failure to comply with reporting or other provisions of the policy, including breaches of warranties, shall not affect coverage provided to the City of Livermore, its officers, officials, employees, or volunteers.
4. The Owner's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party before expiration of the policy unless notice is delivered in accordance with policy provisions.
6. It shall be a requirement under this agreement that any available insurance proceeds broader than, or in excess of, the specified minimum insurance coverage requirements and/or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this agreement; or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater.
7. Certificate Holder section of the insurance certificate should read: City of Livermore, 1052 S. Livermore Avenue, Livermore, CA 94550

Verification of Coverage

Owner shall furnish certificates of insurance and endorsement(s) effecting coverage to the City of Livermore for approval. The endorsements shall be on forms acceptable to the City of Livermore. All certificates and endorsements are to be received and approved by the City of Livermore before work commences. The City of Livermore reserves the right to require complete copies of all insurance policies required by this Regulatory Agreement.

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.5**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Tina Olson, Administrative Services Director

SUBJECT: Resolution authorizing the execution of a purchase order with SHI International Corp. for a five-year renewal of Microsoft 365 Licenses under the Statewide Microsoft Enterprise License Agreement (ELA) in an amount not-to-exceed $1,587,000

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing a purchase order with SHI International Corp. for a five-year renewal of the City's Microsoft 365 licenses under the Statewide Microsoft Enterprise License Agreement (ELA), in an amount not-to-exceed $1,587,000 to ensure continuity of the City's daily operations and business functions.

DECISION TYPE

Administrative

SUMMARY

Microsoft 365 is used across City departments to support email, document management, collaboration, other City systems, and security. The new Statewide ELA between the State of California and SHI provides standardized terms and favorable pricing for participating public agencies. The total cost of the purchase order will not exceed $1,587,000 over the five-year term, subject to annual budget appropriations.

DISCUSSION

The City utilizes Microsoft 365 as a core productivity platform to support daily operations across all departments, including email services, document creating and storage, collaborations tools, support other City systems including financial/human resources and the permitting system, and security features. These services are integral to support service delivery to the public.

The City's current Microsoft 365 licensing is expiring on March 31, 2026, and requires renewal to ensure continued access to these services. The State of California recently established a new Statewide Microsoft Enterprise License Agreement (ELA) with SHI International Corp., an authorized Microsoft

reseller. This statewide agreement provides standardized contract terms and competitive pricing for participating public agencies, including the City of Livermore.

Renewing the City's Microsoft 365 licenses through SHI under the Statewide ELA allows the City to maintain continuity of service while leveraging the benefits of the statewide purchasing program. The proposed five-year purchase order provides long-term pricing stability and reduces administrative effort associated with more frequent renewals.

FISCAL AND ADMINISTRATIVE IMPACTS

The total cost of the proposed five-year purchase order with SHI International Corp., for the period of April 1, 2026, through March 31, 2031, for the renewal of the City's Microsoft 365 licenses will not exceed $1,587,000. Sufficient funds are included in the adopted budget for the current fiscal year and FY 2026-27. Future-year costs will be considered as part of the City's annual budget process.

There are no additional staffing impacts associated with this action. Renewing the licenses under the Statewide Microsoft ELA provides standardized terms and pricing and minimizes administrative effort by utilizing an existing cooperative purchasing agreement rather than conducting a separate procurement process.

COMMUNITY PILLAR

5: A City That Works

GOAL

11: Modernize key business systems and processes to increase efficiency and improve transparency

ATTACHMENTS

1. SHI Quote
2. Resolution

Prepared by: Paul Galick
Acting IT Manager

Approved by:

Marianna A. Burch
City Manager

Fiscal Review by:

Tina Olson
Administrative Services Director

Pricing Proposal

Quotation #: 27124718
Reference #: Budgetary
Created On: Feb-03-2026
Valid Until: Feb-28-2026

CA-City of Livermore

Laura Tostado
1052 S LIVERMORE AVE
Finance Division
LIVERMORE, CA 94550-4813
United States

Phone: 925-960-4072
Fax:
Email: lttostado@LivermoreCA.gov

Inside Account Manager

Alex Chrysanthopoulos
SHI
290 Davidson Ave
Somerset, NJ 08873

Phone: 7326672779
Fax:
Email: alex_chrysanthopoulos@shi.com

All Prices are in US Dollar (USD)

Years 1 located on sheet 2
Years 2-5 located on sheet 3

Additional Comments

Payment Schedule:

4/1/26-3/31/27 - $311,814.60
4/1/27-3/31/28 - $311,814.60
4/1/28-3/31/29 - $320,953.80
4/1/29-3/31/30 - $320,953.80
4/1/30-3/31/31 - $320,953.80

Total: $1,586,490.60

Budgetary Pricing does not include CDT Fees

Disclaimer: The pricing provided in this quote is based on estimated statewide license volumes. CDT will confirm the final statewide pricing tier once all customer commitments have been received.

For M365 Copilot GCC Sub Add-on, there are two pricing tiers:

Tier 1 Pricing: Applies if the quantity of Copilot GCC Sub Add-on is less than 20% of your organization's M365 G5 licenses on April 1, 2026.

Tier 2 Pricing (best): Requires a minimum Copilot GCC Sub Add-on enrollment of 20% of the organization's M365 G5 licenses be met on April 1, 2026, to qualify.

This quote has been marked as budgetary, as certain pricing may require approval from Microsoft. Please note, SHI is unable to process Purchase Orders against budgetary quotes. Kindly reach out to your SHI sales team for a Final Quote once you have determined your required counts and licenses.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date listed above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. For any additional information including Hardware, Software and Services Contracts, please contact an SHI Inside Sales Representative at (888) 744-4084. SHI International Corp. is 100% Minority Owned, Woman Owned Business. TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.

ATTACHMENT 1

Item #	Manufacturer	Part #	Product	Contract Name	Contract #	Subcontract #	Coverage Start	Coverage End	Quantity	Your Price	Total	Note
1	Microsoft	AAL-48033	M365 G5 FSA Renewal GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	510	$497.88	$253,918.80	Year 1 of 5
2	Microsoft	AAL-45735	M365 G5 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	40	$548.64	$21,945.60	Year 1 of 5
4	Microsoft	M9T-00002	O365 Extra File Storage GCC Sub Add-on Extra Storage 1 GB	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	5,000	$2.16	$10,800.00	Year 1 of 5
7	Microsoft	VA1-00001	Teams Rooms Pro GCC Sub Per Device	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	15	$427.08	$6,406.20	Year 1 of 5
8	Microsoft	VRM-00001	Win OLS Activation User GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	580	$0.00	$0.00	Year 1 of 5
3	Microsoft	EP2-24658	M365 Copilot GCC Sub Add-on	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	40	$363.00	$14,520.00	Year 1 of 5; Tier 1 Pricing
6	Microsoft	WFK-00004	Teams Premium GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	5	$120.00	$600.00	Year 1 of 5
5	Microsoft	3MS-00001	Exchange Online P1 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2026	Mar-31-2027	100	$36.24	$3,624.00	Year 1 of 5
										Total	$311,814.60	

Manufacturer	Part #	Product	Contract Name	Contract #	Subcontract #	Coverage Start	Coverage End	Quantity	Your Price	Total	Note
Microsoft	AAL-48033	M365 G5 FSA Renewal GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	510	$497.88	$253,918.80	Year 2 of 5
Microsoft	AAL-45735	M365 G5 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	40	$548.64	$21,945.60	Year 2 of 5
Microsoft	EP2-24658	M365 Copilot GCC Sub Add-on	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	40	$363.00	$14,520.00	Year 2 of 5; Tier 1 Pricing
Microsoft	M9T-00002	O365 Extra File Storage GCC Sub Add-on Extra Storage 1 GB	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	5,000	$2.16	$10,800.00	Year 2 of 5
Microsoft	3MS-00001	Exchange Online P1 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	100	$36.24	$3,624.00	Year 2 of 5
Microsoft	WFK-00004	Teams Premium GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	5	$120.00	$600.00	Year 2 of 5
Microsoft	VA1-00001	Teams Rooms Pro GCC Sub Per Device	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	15	$427.08	$6,406.20	Year 2 of 5
Microsoft	VRM-00001	Win OLS Activation User GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2027	Mar-31-2028	580	$0.00	$0.00	Year 2 of 5
Microsoft	AAL-48033	M365 G5 FSA Renewal GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	510	$514.68	$262,486.80	Year 3 of 5
Microsoft	AAL-45735	M365 G5 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	40	$562.92	$22,516.80	Year 3 of 5
Microsoft	EP2-24658	M365 Copilot GCC Sub Add-on	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	40	$363.00	$14,520.00	Year 3 of 5; Tier 1 Pricing
Microsoft	M9T-00002	O365 Extra File Storage GCC Sub Add-on Extra Storage 1 GB	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	5,000	$2.16	$10,800.00	Year 3 of 5
Microsoft	3MS-00001	Exchange Online P1 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	100	$36.24	$3,624.00	Year 3 of 5
Microsoft	WFK-00004	Teams Premium GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	5	$120.00	$600.00	Year 3 of 5
Microsoft	VA1-00001	Teams Rooms Pro GCC Sub Per Device	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	15	$427.08	$6,406.20	Year 3 of 5
Microsoft	VRM-00001	Win OLS Activation User GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2028	Mar-31-2029	580	$0.00	$0.00	Year 3 of 5
Microsoft	AAL-48033	M365 G5 FSA Renewal GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	510	$514.68	$262,486.80	Year 4 of 5
Microsoft	AAL-45735	M365 G5 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	40	$562.92	$22,516.80	Year 4 of 5
Microsoft	EP2-24658	M365 Copilot GCC Sub Add-on	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	40	$363.00	$14,520.00	Year 4 of 5; Tier 1 Pricing
Microsoft	M9T-00002	O365 Extra File Storage GCC Sub Add-on Extra Storage 1 GB	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	5,000	$2.16	$10,800.00	Year 4 of 5
Microsoft	3MS-00001	Exchange Online P1 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	100	$36.24	$3,624.00	Year 4 of 5
Microsoft	WFK-00004	Teams Premium GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	5	$120.00	$600.00	Year 4 of 5
Microsoft	VA1-00001	Teams Rooms Pro GCC Sub Per Device	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	15	$427.08	$6,406.20	Year 4 of 5
Microsoft	VRM-00001	Win OLS Activation User GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2029	Mar-31-2030	580	$0.00	$0.00	Year 4 of 5
Microsoft	AAL-48033	M365 G5 FSA Renewal GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	510	$514.68	$262,486.80	Year 5 of 5
Microsoft	AAL-45735	M365 G5 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	40	$562.92	$22,516.80	Year 5 of 5
Microsoft	EP2-24658	M365 Copilot GCC Sub Add-on	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	40	$363.00	$14,520.00	Year 5 of 5; Tier 1 Pricing
Microsoft	M9T-00002	O365 Extra File Storage GCC Sub Add-on Extra Storage 1 GB	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	5,000	$2.16	$10,800.00	Year 5 of 5
Microsoft	3MS-00001	Exchange Online P1 GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	100	$36.24	$3,624.00	Year 5 of 5
Microsoft	WFK-00004	Teams Premium GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	5	$120.00	$600.00	Year 5 of 5
Microsoft	VA1-00001	Teams Rooms Pro GCC Sub Per Device	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	15	$427.08	$6,406.20	Year 5 of 5
Microsoft	VRM-00001	Win OLS Activation User GCC Sub Per User	Microsoft Statewide Enterprise Licensing Agreement	SC 25-0198737	Local Government	Apr-01-2030	Mar-31-2031	580	$0.00	$0.00	Year 5 of 5

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING THE EXECUTION OF A PURCHASE ORDER WITH SHI INTERNATIONAL CORP. FOR A FIVE-YEAR RENEWAL OF MICROSOFT 365 LICENSES UNDER THE STATEWIDE MICROSOFT LICENSE AGREEMENT IN AN AMOUNT NOT-TO-EXCEED $1,587,000

The City of Livermore's current Microsoft 365 licensing is expiring on March 31, 2026, and requires renewal to ensure continued access to these services. The State of California recently established a new Statewide Microsoft Enterprise License Agreement (ELA) with SHI International Corp., an authorized Microsoft reseller. This statewide agreement provides standardized contract terms and competitive pricing for participating public agencies, including the City of Livermore.

The City utilizes Microsoft 365 as a core productivity platform to support daily operations across all departments, including email services, document creating and storage, collaboration tools, integration with other City systems including financial/human resources, and the permitting system, as well as security features. These services are integral to support service delivery to the public. Renewing the City's Microsoft 365 licenses through SHI under the Statewide ELA allows the City to maintain continuity of service while leveraging the benefits of the statewide purchasing program. The proposed five-year purchase order provides long-term pricing stability and reduces administrative effort associated with more frequent renewals.

The total cost of the proposed five-year purchase order with SHI International Corp., for the period of April 1, 2026, through March 31, 2031, for the renewal of the City's Microsoft 365 licenses will not exceed $1,587,000. Sufficient funds are included in the adopted budget for the current fiscal year and FY 2026-27. Future-year costs will be considered as part of the City's annual budget process.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that it:

1. Authorizes the City Manager to execute a purchase order with SHI International Corp in an amount not-to-exceed $1,587,000.

2. Authorizes the City Manager to take whatever actions are necessary and appropriate to carry out the purpose and intent of this resolution.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Daniel Gonzales
Daniel Gonzales
Deputy City Attorney

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.6**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing an appropriation of $560,000 in FY24 Safe Streets and Roads for All grant funding from the Federal Highway Administration to the Engineering Operating Budget and authorizing execution of a first amendment to the professional services agreement with TJKM Transportation Consultants (TJKM), increasing the not-to-exceed amount from $200,000 to $360,000 and extending the termination date from June 30, 2026, to December 31, 2027.

RECOMMENDED ACTION

Staff recommends City Council adopt a resolution authorizing an appropriation of $560,000 in FY24 Safe Streets and Roads for All grant funding from the Federal Highway Administration to the Engineering Operating Budget and authorizing the City Manager to execute a first amendment to the professional service agreement with TJKM, increasing the not-to-exceed contract amount from $200,000 to $360,000 and extending the termination date from June 30, 2026, to December 31, 2027.

DECISION TYPE

Administrative

SUMMARY

The City was awarded $560,000 in grant funding from the Federal Highway Administration (FHWA) from the FY24 Safe Streets and Roads for All (SS4A) Grant Program. The grant agreement is provided as Attachment 1. Staff recommends appropriating these grant funds to the Engineering Division's Operating Budget to fund developing the Vision Zero Action Plan, Safe Routes to School Toolbox, and a comprehensive Active Transportation Plan.

In order to finalize the City’s Vision Zero Action Plan and Safe Routes to School Toolbox, the current professional services agreement with TJKM needs to be amended. This first amendment increases the not-to-exceed amount from $200,000 to $360,000 and extends the term from June 30, 2026, to December 31, 2027.

DISCUSSION

The City was awarded $560,000 in grant funding from the Federal Highway Administration (FHWA) from the FY24 Safe Streets and Roads for All (SS4A) Grant Program. The grant requires a 20% local match. The project is already funded with $140,000 of Measure BB Funds as local match.

The following three projects are included in the scope of work for the total cost of $700,000:
Project 1 – Develop a Vision Zero Action Plan
Project 2 – Develop a Safe Routes to School Toolbox
Project 3 – Develop a comprehensive Active Transportation Plan

An RFP/RFQ for Projects 1 and 2 was advertised between November 5, 2024, and November 22, 2024. Statements of proposals/qualifications were received from three consultants: TJKM Transportation Consultants (TJKM), DKS Associates and Willdan Engineering. The proposals were evaluated by City staff following the Code of Federal Regulations. The proposal from TJKM ranked the highest. The total cost for both Projects 1 and 2 is estimated to be approximately $360,000.

On January 7, 2025, the City of Livermore and TJKM entered into an agreement for TJKM to provide professional services to develop the Livermore Vision Zero Action Plan and Safe Routes to School Toolbox. The agreement has a not-to-exceed amount of $200,000 with a term ending on June 30, 2026.

The original goal was to complete Project 1 by April 30, 2025, for the City to be eligible for pursuing the FY 2024-25 SS4A Implementation Grant. However, due to the delayed execution of the grant funding agreement, work on Project 1 could not start until September 2025. The current goal is to complete Project 1 by April 30, 2026, so the City may pursue the FY 2025-26 SS4A Implementation Grant.

The first amendment will increase the not-to-exceed amount of the agreement from $200,000 to $360,000 to cover the entire scope of work for Projects 1 and 2 and extend the term of the agreement through December 31, 2027.

FISCAL AND ADMINISTRATIVE IMPACTS

Eighty percent (80%) of the funding for services rendered under this agreement will be derived from the FY24 SS4A Grant. The remaining twenty percent (20%) of the funding has already been funded with Measure BB Street/Road operational funds (Fund 552) as part of the approved FY 2025-27 Budget.

COMMUNITY PILLAR

1: A Safe Community That Thrives

GOAL

10: Work to maintain a safe and efficient local transportation network and address safety concerns.

ATTACHMENTS

1. SS4A Grant Agreement
2. Resolution

3. Exhibit A - First Amendment

Prepared by: Gabriel Sendaydiego
Assistant Engineer

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director

1. **Federal Award No.**
693JJ32540497

2. **Effective Date**
See No. 16 Below

3. **Assistance Listings No.**
20.939

4. **Award To**
City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550

Unique Entity Id.: KGBMZK3CQF36
TIN No.: 94-6000359

5. **Sponsoring Office**
U.S. Department of Transportation
Federal Highway Administration
Office of Safety
1200 New Jersey Avenue, SE
HSSA-1, Mail Drop E71-117
Washington, DC 20590

6. **Period of Performance**
Effective Date of Award– 07/15/2030

7. **Total Amount**

Federal Share:	$560,000
Recipient Share:	$140,000
Other Federal Funds:	$0
Other Funds:	$0
Total:	$700,000

8. **Type of Agreement**
Grant

9. **Authority**
Section 24112 of the Infrastructure Investment and Jobs Act (Pub. L. 117–58, November 15, 2021

10. **Procurement Request No.**
HSA250285PR

11. **Federal Funds Obligated**
$560,000

12. **Submit Payment Requests To**
See Article 5.

13. **Accounting and Appropriations Data**
15X0174E50.0000.055SR30500.5592000000.1010.61006600

14. **Description of the Project**
Citywide Systemic Safety Enhancement Projects - These planning efforts will strengthen our city's safety goals.

RECIPIENT

15. Signature of Person Authorized to Sign

Marianna A. Burch 9/5/2025

Signature Date

Name: Marianna A. Burch

Title: City Manager

APPROVED AS TO FORM:

FEDERAL HIGHWAY ADMINISTRATION

16. Signature of Agreement Officer

HECTOR RAMON SANTAMARIA

Digitally signed by HECTOR RAMON SANTAMARIA
Date: 2025.09.19 15:05:35 -04'00'

Signature Date

Name: Hector R. Santamaria

Title: Agreement Officer

U.S. DEPARTMENT OF TRANSPORTATION

GRANT AGREEMENT UNDER THE FISCAL YEAR 2024 SAFE STREETS AND ROADS FOR ALL GRANT PROGRAM

This agreement is between the United States Department of Transportation's (the "**USDOT**") Federal Highway Administration (the "**FHWA**") and the City of Livermore (the "**Recipient**").

This agreement reflects the selection of the Recipient to receive a Safe Streets and Roads for All ("**SS4A**") Grant for the Citywide Systemic Safety Enhancement Projects.

The parties therefore agree to the following:

ARTICLE 1
GENERAL TERMS AND CONDITIONS

1.1 General Terms and Conditions.

(a) In this agreement, "**General Terms and Conditions**" means the content of the document titled "General Terms and Conditions Under the Fiscal Year 2024 Safe Streets and Roads for All ("SS4A") Grant Program,", which is available at https://www.transportation.gov/grants/ss4a/grant-agreements under "Fiscal Year 2024." Articles 7–33 are in the General Terms and Conditions. The General Terms and Conditions are part of this agreement.

(b) The Recipient acknowledges that it has knowledge of the General Terms and Conditions. Recipient also states that it is required to comply with all applicable Federal laws and regulations including, but not limited to, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200); National Environmental Policy Act (NEPA) (42 U.S.C. § 4321 et seq.); and Build America, Buy America Act (IIJA, div. G §§ 70901-27).

(c) The Recipient acknowledges that the General Terms and Conditions impose obligations on the Recipient and that the Recipient's non-compliance with the General Terms and Conditions may result in remedial action, termination of the SS4A Grant, disallowing costs incurred for the Project, requiring the Recipient to refund to the FHWA the SS4A Grant, and reporting the non-compliance in the Federal-government-wide integrity and performance system.

ARTICLE 2
APPLICATION, PROJECT, AND AWARD

2.1 Application.

Application Title: Citywide Systemic Safety Enhancement Projects

Application Date: 05/15/2024

2.2 Award Amount.

SS4A Grant Amount: $560,000

2.3 Federal Obligation Information.

Federal Obligation Type: Single

2.4 Budget Period.

Budget Period: See Block 6 of Page 1

2.5 Grant Designation.

Designation: Planning and Demonstration

ARTICLE 3
SUMMARY PROJECT INFORMATION

3.1 Summary of Project's Statement of Work.

Supplemental Planning Narrative: The City of Livermore's supplemental planning efforts will focus on achieving the Vision Zero goal by 2045 and aligning the Comprehensive Active Transportation Plan (ATP) with this objective. This multi-pronged approach will involve data collection, public outreach meetings, and the development of new strategies and toolboxes that will solidify the ongoing efforts, ensuring they complement existing initiatives and effectively achieve the City's goals.

The following scope of work for Supplemental Planning aims to achieve targeted goals and support the ongoing efforts of Vision Zero Plan (VZP) and ATP:

- Engagement and Collaboration: Facilitate numerous stakeholder and public meetings. These meetings will acquaint participants with the City's Vision Zero Goal and its ongoing active practices, as well as delve into detailed discussions of crash analysis for specific years and the identification of a High Injury network through the data analysis. These meetings will be conducted in person and virtually.

- Toolbox Development: The preparation of the toolbox is of utmost importance for the city to ensure the safety of children and establish bike able and walkable routes. Furthermore, emphasis is placed on enhancing safety in school drop-off/pick-up zones. The toolbox will serve as a comprehensive resource for schools, communities, transportation agencies, and other stakeholders involved in implementing Safe Routes to School programs and initiatives. The city will compile a variety of resources to develop a Safe Routes to School

Toolbox. This toolbox will include educational materials, planning guides, infrastructure design standards, funding sources, and evaluation methods.

- Education and Awareness: As part of the Toolbox Development, lay out the education initiatives and educational campaigns to enhance awareness and promote walking and cycling as safe and viable transportation options. These campaigns aim to raise awareness about the benefits of active transportation and educate the residents.

- Formulating Strategies and Policies: Utilizing community input, data analysis, and evidence collected, diverse strategies will be developed in alignment with outcomes from public outreach meetings.

- Infrastructure and Design Projects Identification: This process will encompass evaluating and categorizing the projects listed in the ATP in according to environmental considerations, enhancing connectivity, prioritizing safety measures, and ensuring mobility accessibility for all categories of roadway users.

- Identification of Implementation and Monitoring Efforts: This involves identifying a list for future monitoring and implementing actions for all targeted regions and identified projects. This will enable the committee or task force to periodically monitor their planning efforts and oversee the various stages of project implementation.

- Adaptation and Revision: In relation to the Comprehensive Active Transportation Plan (CATP), the city is in the process of revising its most recent plan (2018) in accordance with the objectives mentioned above. In connection with the Vision Zero Action Plan (VZP), the city intends to formally adopt the plan upon its completion, aiming to achieve zero traffic-related fatalities by the year 2045.

The project will be completed in one phase.

3.2 Project's Estimated Schedule.

Supplemental Planning Schedule

Milestone	Schedule Date
Planned Final Plan Publicly Available Date:	12/15/2029
Planned SS4A Final Report Date:	06/15/2030

3.3 Project's Estimated Costs.

(a) Eligible Project Costs

Eligible Project Costs	
SS4A Grant Amount:	$560,000
Other Federal Funds:	$0
State Funds:	$0
Local Funds:	$140,000

In-Kind Match:	$0
Other Funds:	$0
Total Eligible Project Cost:	$700,000

(b) Cost Classification Table –

(c) Indirect Costs

Indirect costs are allowable under this Agreement in accordance with 2 CFR part 200 and the Recipient's approved Budget Application. In the event the Recipient's indirect cost rate changes, the Recipient will notify FHWA of the planned adjustment and provide supporting documentation for such adjustment. This Indirect Cost provision does not operate to waive the limitations on Federal funding provided in this document. The Recipient's indirect costs are allowable only insofar as they do not cause the Recipient to exceed the total obligated funding.

ARTICLE 4

CONTACT INFORMATION

4.1 Recipient Contact(s).

Joanna X.J. Liu
Senior Transportation Engineer
City of Livermore
1052 S Livermore Ave., Livermore CA 94550
925-960-4556
xliu@LivermoreCA.gov

4.2 Recipient Key Personnel.

Name	Title or Position
Joanna X.J. Liu	Senior Transportation Engineer
Kristina Mai	Associate Civil Engineer

4.3 USDOT Project Contact(s).

Safe Streets and Roads for All Program Manager
Federal Highway Administration
Office of Safety
HSSA-1, Mail Stop: E71-117
1200 New Jersey Avenue, S.E.
Washington, DC 20590
202-366-2822
SS4A.FHWA@dot.gov

and

Agreement Officer (AO)
Federal Highway Administration
Office of Acquisition and Grants Management
HCFA-42, Mail Stop E62-310
1200 New Jersey Avenue, S.E.
Washington, DC 20590
HCFASS4A@dot.gov

and

Division Administrator – California
Agreement Officer's Representative (AOR)
650 Capitol Mall, Ste. 4-100
Sacramento, CA 95814
916-498-5015
Hdaca@dot.gov

And

Mike Shami – Discretionary Grants Manager
California Division Office Lead Point of Contact
650 Capitol Mall, Ste. 4-100
Sacramento, CA 95814
916-498-5853
Mike.shami@dot.gov

ARTICLE 5
USDOT ADMINISTRATIVE INFORMATION

5.1 Office for Subaward and Contract Authorization.

USDOT Office for Subaward and Contract Authorization: and Grants Management — FHWA Office of Acquisition

SUBAWARDS AND CONTRACTS APPROVAL

Note: See 2 CFR § 200.331, Subrecipient and contractor determinations, for definitions of subrecipient (who is awarded a subaward) versus contractor (who is awarded a contract).

Note: Recipients with a procurement system deemed approved and accepted by the Government or by the Agreement Officer (the "AO") are exempt from the requirements of this clause. See 2 CFR 200.317 through 200.327.

In accordance with 2 CFR 200.308(f)(6), the recipient or subrecipient shall obtain prior written approval from the USDOT agreement officer for the subaward, if the subaward activities were not proposed in the application or approved in the Federal award. This provision is in accordance with 2 CFR 200.308 (f) (6) and does not apply to procurement transactions for goods and services. Approval will be issued through written notification from the AO or a formal amendment to the Agreement.

The following subawards and contracts are currently approved under the Agreement by the AO. This list does not include supplies, material, equipment, or general support services which are exempt from the pre-approval requirements of this clause.

5.2 Reimbursement Requests

(a) The Recipient may request reimbursement of costs incurred within the budget period of this agreement if those costs do not exceed the amount of funds obligated and are allowable under the applicable cost provisions of 2 C.F.R. Part 200, Subpart E. The Recipient shall not request reimbursement more frequently than monthly.

(b) The Recipient shall use the DELPHI iSupplier System to submit requests for reimbursement to the payment office. When requesting reimbursement of costs incurred or credit for cost share incurred, the Recipient shall electronically submit supporting cost detail with the SF-270 (Request for Advance or Reimbursement) or SF-271 (Outlay Report and Request for Reimbursement for Construction Programs) to clearly document all costs incurred.

(c) The Recipient's supporting cost detail shall include a detailed breakout of all costs incurred, including direct labor, indirect costs, other direct costs, travel, etc., and the Recipient shall identify the Federal share and the Recipient's share of costs. If the Recipient does not provide sufficient detail in a request for reimbursement, the Agreement Officer's Representative (the "**AOR**") may withhold processing that request until the Recipient provides sufficient detail.

(d) The USDOT shall not reimburse costs unless the AOR reviews and approves the costs to ensure that progress on this agreement is sufficient to substantiate payment.

(e) In the rare instance the Recipient is unable to receive electronic funds transfers (EFT), payment by EFT would impose a hardship on the Recipient because of their inability to manage an account at a financial institution, and/or the Recipient is unable to use the DELPHI iSupplier System to submit their requests for disbursement, the FHWA may waive the requirement that the Recipient use the DELPHI iSupplier System. The Recipient shall contact the Division Office Lead Point of Contact for instructions on and requirements related to pursuing a waiver.

(f) The requirements set forth in these terms and conditions supersede previous financial invoicing requirements for Recipients.

ARTICLE 6
SPECIAL GRANT TERMS

6.1 SS4A funds must be expended within five years after the grant agreement is executed and DOT obligates the funds, which is the budget period end date in section 10.3 of the Terms and Conditions and section 2.4 in this agreement.

6.2 The Recipient demonstrates compliance with civil rights obligations and nondiscrimination laws, including Titles VI of the Civil Rights Act of 1964, the Americans with Disabilities Act (ADA), and Section 504 of the Rehabilitation Act, and accompanying regulations. Recipients of Federal transportation funding will also be required to comply fully with regulations and guidance for the ADA, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and all other civil rights requirements.

6.3 SS4A Funds will be allocated to the Recipient and made available to the Recipient in accordance with FHWA procedures.

6.4 The Recipient of a Planning and Demonstration Grant acknowledges that the Supplemental Action Plan will be made publicly available and agrees that it will publish the final Supplemental Action Plan on a publicly available website.

6.5 Pursuant to the court's preliminary injunction order in State of California v. Duffy, 1:25-cv-00208-JJM-PAS (D.R.I.) (June 19, 2025), DOT will not impose or enforce the challenged immigration enforcement condition* or any materially similar terms and conditions, to any grant funds awarded, directly or indirectly, to Plaintiff States or local government entities within those States (collectively referred to as "Plaintiff State Entities"), or otherwise rescind, withhold, terminate, or take other adverse action, absent specific statutory authority, based on the challenged immigration enforcement condition while DOT is subject to an injunction. DOT will not require Plaintiff State Entities to make any certification or other representation related to compliance the challenged immigration enforcement condition nor will DOT construe acceptance of funding from DOT as certification as to the challenged immigration enforcement condition.

*The challenged immigration enforcement condition:

> "[T]he Recipient will cooperate with Federal officials in the enforcement of Federal law, including cooperating with and not impeding U.S. Immigration and Customs

Enforcement (ICE) and other Federal offices and components of the Department of Homeland Security in the enforcement of Federal immigration law."

6.6 There are no other special grant requirements.

ATTACHMENT A
PERFORMANCE MEASUREMENT INFORMATION

Study Area: City of Livermore citywide

Table 1: Performance Measure Table

Measure	Category and Description	Measurement Frequency and Reporting Deadline
Costs	Project Costs: Quantification of the cost of each eligible project carried out using the grant	Within 120 days after the end of the period of performance
Lessons Learned and Recommendations	Lessons Learned and Recommendations: Description of lessons learned and any recommendations relating to future projects or strategies to prevent death and serious injury on roads and streets.	Within 120 days after the end of the period of performance

ATTACHMENT B
CHANGES FROM APPLICATION

Describe all material differences between the scope, schedule, and budget described in the application and the scope, schedule, and budget described in Article 3. The purpose of Attachment B is to clearly and accurately document any differences in scope, schedule, and budget to establish the parties' knowledge and acceptance of those differences. See Article 11 for the Statement of Work, Schedule, and Budget Changes. If there are no changes, please insert "N/A" after "Scope," "Schedule," or "Budget." If there are changes to the budget, please complete the table below. Otherwise, leave the table below blank.

Scope: N/A

Schedule: The original Period of Performance (POP) was established as January 14, 2025, through November 30, 2029. Due to delays in the execution of the federal grant agreement, the project is no longer able to commence on the originally proposed start date. The revised POP—updated to reflect an Effective Date of Award start date through July 15, 2030—provides sufficient time to complete necessary start-up activities that were deferred during the pending award period. The extended end date ensures; procurement of contractors and consultants in accordance with local, state, and federal requirements; internal project mobilization and administrative setup.

Budget: *Provide a narrative for the budget changes here:*

The table below provides a summary comparison of the project budget.

Fund Source	Application		Section 3.3	
	$	%	$	%
Previously Incurred Costs (Non-Eligible Project Costs)				
Federal Funds				
Non-Federal Funds				
Total Previously Incurred Costs				
Future Eligible Project Costs				
SS4AFunds				
Other Federal Funds				
Non-Federal Funds				
Total Future Eligible Project Costs				
Total Project Costs				

ATTACHMENT C

[RESERVED]

ATTACHMENT D

[RESERVED]

ATTACHMENT E
LABOR AND WORKFORCE

1. Efforts to Support Good-Paying Jobs and Strong Labor Standards

The Recipient states that rows marked with "X" in the following table align with the application:

	The Recipient or a project partner promotes robust job creation by supporting good-paying jobs directly related to the project with free and fair choice to join a union. *(Describe robust job creation and identify the good-paying jobs in the supporting narrative below.)*
X	The Recipient or a project partner will invest in high-quality workforce training programs such as registered apprenticeship programs to recruit, train, and retain skilled workers, and implement policies such as targeted hiring preferences. *(Describe the training programs in the supporting narrative below.)*
	The Recipient or a project partner will partner with high-quality workforce development programs with supportive services to help train, place, and retain workers in good-paying jobs or registered apprenticeships including through the use of local and economic hiring preferences, linkage agreements with workforce programs, and proactive plans to prevent harassment. *(Describe the supportive services provided to trainees and employees, preferences, and policies in the supporting narrative below.)*
	The Recipient or a project partner will partner and engage with local unions or other worker-based organizations in the development and lifecycle of the project, including through evidence of project labor agreements and/or community benefit agreements. *(Describe the partnership or engagement with unions and/or other worker-based organizations and agreements in the supporting narrative below.)*
	The Recipient or a project partner will partner with communities or community groups to develop workforce strategies. *(Describe the partnership and workforce strategies in the supporting narrative below.)*
	The Recipient or a project partner has taken other actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards. *(Describe those actions in the supporting narrative below.)*
	The Recipient or a project partner has not yet taken actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards but, before beginning construction of the Project, will take relevant actions described in schedule B. *(Identify the relevant actions from schedule B in the supporting narrative below.)*
	The Recipient or a project partner has not taken actions related to the Project to improve good-paying jobs and strong labor standards and will not take those actions under this award.

2. Supporting Narrative.

The City of Livermore has been partnering with multiple high-quality workforce development programs to help train, place, and retain employees in good-paying jobs. Multiple training classes

are provided to new employees during the first month of on-boarding, and several classes are required every few years, including anti-harassment training. There are also training opportunities provided through high-quality workforce development programs (e.g. Learn-it) to all employees to improve skills in various areas, e.g., leadership, project management, etc.

In addition, each department sets aside budget each year for training opportunities beyond what's provided by the city.

ATTACHMENT F
CRITICAL INFRASTRUCTURE SECURITY AND RESILIENCE

1. Efforts to strengthen the Security and Resilience of Critical Infrastructure against both Physical and Cyber Threats.

The Recipient states that rows marked with "X" in the following table are accurate:

	The Recipient demonstrates, prior to the signing of this agreement, effort to consider and address physical and cyber security risks relevant to the transportation mode and type and scale of the activities.
	The Recipient appropriately considered and addressed physical and cyber security and resilience in the planning, design and oversight of the project, as determined by the Department and the Department of Homeland Security.
	The Recipient complies with 2 CFR 200.216 and the prohibition on certain telecommunications and video surveillance services or equipment.

2. Supporting Narrative:

N/A. This grant will not fund the purchase of Information Technology and/or Operational Technology.

ATTACHMENT G
[RESERVED]

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING AN APPROPRIATION OF $560,000 IN FISCAL YEAR 202 SAFE STREETS AND ROADS FOR ALL GRANT FUNDING FROM THE FEDERAL HIGHWAY ADMINISTRATION TO THE ENGINEERING OPERATING BUDGET AND AUTHORIZING EXECUTION OF A FIRST AMENDMENT TO THE AGREEMENT WITH TJKM, INCREASING THE NOT-TO-EXCEED AMOUNT FROM $200,000 TO $360,000 AND EXTENDING THE TERMINATION DATE FROM JUNE 30, 2026 TO DECEMBER 31, 2027

The City of Livermore ("City") was awarded $560,000 in grant funding from the Federal Highway Administration (FHWA) from the FY24 Safe Streets and Roads for All (SS4A) Grant Program. Staff recommends appropriating these grant funds to the Engineering Division's Operating Budget to fund developing the Vision Zero Action Plan, Safe Routes to School Toolbox, and Comprehensive Active Transportation Plan.

To finalize the City's Vision Zero Action Plan and Safe Routes to School toolbox, the current Professional Services Agreement with TJKM needs to be amended. This First Amendment to the original Professional Services Agreement increases the not-to-exceed amount from $200,000 to $360,000 and extends the term from June 30, 2026, to December 31, 2027.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that it hereby:

1. Authorizes an appropriation of $560,000 in FY24 Safe Streets and Roads for All (SS4A) grant funding from the Federal Highway Administration (FHWA) to the Engineering Operating Budget.

2. Authorizes the City Manager to execute a First Amendment to the original Professional Services Agreement with TJKM for engineering services, attached hereto as Exhibit A, increasing the not-to-exceed amount from $200,000 to $360,000 and extending the termination date from June 30, 2026, to December 31, 2027.

3. Authorizes the City Manager to take whatever actions are necessary and appropriate to carry out the purpose and intend of this resolution.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Tara Mazzanti
Tara Mazzanti
Senior Assistant City Attorney

Exhibit A – First Amendment to the original Professional Services Agreement

Docusign Envelope ID: D43E07E0-AAB9-4DF2-B116-990FC9B21EC8

FIRST AMENDMENT TO AGREEMENT FOR SERVICES

THIS FIRST AMENDMENT is made and entered into this ____ day of _____, 20 , by and between the City of Livermore ("City"), a municipal corporation, and TJKM Transportation Consultants ("Contractor"), a California corporation.

RECITALS

On January 7, 2025, City and Contractor entered into an agreement for Contractor to provide professional services to City ("Original Agreement"). Section 21 of the Original Agreement requires that any modifications to it must be in writing and signed by the parties.

City and Contractor desire to amend the Original Agreement to increase total compensation by $160,0000, and extend the term of the agreement from June 30, 2026 to December 31, 2027. This is the first amendment to the Original Agreement.

AGREEMENT

NOW, THEREFORE, City and Contractor hereby agree that the aforementioned recitals are true and correct and further agree as follows:

1. The Original Agreement is amended as follows:

   A. Section 5(a) of the Original Agreement is amended to read as follows:

   Compensation and Payment.

   a. The total compensation payable by the City to Contractor for the Services **SHALL NOT EXCEED** the sum of $360,000 ("not-to-exceed amount").
      1. The compensation payable by the City to Contractor for the Services required by Exhibit A to the Original Agreement SHALL NOT EXCEED $200,000.
      2. The compensation payable by the City to Contractor for the services required by Exhibit A-1 to the First Amendment SHALL NOT EXCEED $160,000.

   B. Section 6 of the Original Agreement is amended to read as follows:

   Term. The term of this Agreement commences on the date of execution and terminates upon the completion of the Services or December 31, 2027, whichever occurs first.

2. These amendments are prospective and only apply to the Services rendered by Contractor after the execution of this Amendment. Unless otherwise stated herein, this

Docusign Envelope ID: D43E07E0-AAB9-4DF2-B116-990FC9B21EC8

Amendment does not relieve the parties of the terms and conditions of the Original Agreement as written and in effect at the time the Services were rendered.

3. Except as amended above, the Original Agreement remains in full force and effect.

Docusign Envelope ID: D43E07E0-AAB9-4DF2-B116-990FC9B21EC8

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have executed this Agreement effective on the date first written above.

CONTRACTOR: **Dated:**

DocuSigned by:
D76A78DE10A64F8...
2/11/2026 | 10:15 AM PST

Ruta Jariwala
Vice President

CITY OF LIVERMORE: **Dated:**

Marianna A. Burch
City Manager

APPROVED AS TO FORM:

DocuSigned by:
B099F65715704E2...
Deputy/Assistant/Senior Assistant/City Attorney

APPROVED AS TO INSURANCE:

DocuSigned by:
A5F7D34BB6A748A...
Risk Manager/Analyst

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.7**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Brandon Cardwell, Innovation and Economic Development Director

SUBJECT: Resolution of Intent to Renew the Livermore Valley Wine Heritage District

RECOMMENDED ACTION

Staff recommends the City Council adopt a Resolution of Intent to Renew the Livermore Valley Wine Heritage District (District) for a five-year term beginning July 1, 2026. Adoption of this resolution would:

1. Initiate the renewal process for the District under the Property and Business Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.); and
2. Set the date, time, and location for the subsequent public meeting and public hearing as required by the Property and Business Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.)

DECISION TYPE

Legislative

SUMMARY

The California Property and Business Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.) authorizes cities to establish and renew business improvement districts to enhance economic activity. The City of Livermore (City) established the Livermore Valley Wine Heritage District (District) in 2021 for a five-year term ending June 30, 2026.

Managed by the Livermore Valley Winegrowers Association (Winegrowers), the District generally funds marketing and brand awareness, advocacy, quality enhancement, and professional development and education efforts for South Livermore wineries.

The Winegrowers have requested renewal of the District for an additional five-year term beginning July 1, 2026. As required by state law, renewal petitions of wineries in the District representing more than fifty percent (50%) of the proposed total assessment value have been received and verified, allowing the Council to begin the renewal process, if desired. The proposed Management District Plan maintains the current boundaries, assessment, services, governance, and term, with a proposed minor adjustment to

the fee collected by the City for fiscal impacts associated with administering the District (City Collection Fee).

District renewal is not proposed as part of this Council item. Council adoption of the Resolution of Intent to Renew (Attachment 3) would instead initiate the renewal process and set dates for renewal proceedings as outlined in this report.

DISCUSSION

Background

A Business Improvement District (BID) is a financing mechanism in which local businesses within a defined district vote to enact a mandatory assessment to fund supplemental services that benefit the payers of the assessment. Services often include activities like marketing, security, maintenance, and general economic development. The California Property and Business Improvement Law of 1994, Streets and Highways Code § 36600 et seq., establishes California rules for BIDs and authorizes local jurisdictions to establish, manage, and renew BIDs. A local jurisdiction may contract assessment collection and district management services to other entities via agreement. A BID may only be formed or renewed if district businesses representing more than 50% of the district's proposed assessment consent through a formal and verified Petition Drive. A BID may cross local jurisdiction boundaries with consent of each jurisdiction's legislative body. A BID's boundaries and services must be identified in a formally adopted Management District Plan (Plan) that must be adhered to for the duration of its term.

On November 22, 2021, the City of Livermore (City) established a BID for South Livermore Valley wineries, called the Livermore Valley Wine Heritage District (District), for a five-year term ending on June 30, 2026, via Resolution No. 2021-198 (Attachment 1). Prior to the City establishing the District, Alameda County provided its consent for the City to assess wineries within the County's jurisdiction, as required by state law (Attachment 2). The District provides specific benefits to assessed wineries by funding marketing and sales promotion efforts with the goal of increasing winery sales in the area. The non-profit Livermore Valley Winegrowers Association (Winegrowers) manages the District.

Since its inception, the District has generated over $500,000 each year to support marketing and brand awareness, advocacy, quality enhancement, professional development and education efforts, and other improvements and activities set forth in the District's Management District Plan (Attachment 5).

Petition Drive

On November 12, 2025, the Winegrowers submitted to the City Council its required annual report, a formal request to renew the District, and initiated the formal Petition Drive process with South Livermore wineries in the District boundaries. Staff received from the Winegrowers 21 signed petitions from wineries supporting District renewal. The petitions represent more than 50% of the proposed total assessment value, meeting statutory requirements for renewal under state law, as independently confirmed by tax consultant Hinderliter de Llamas & Associates, Inc. (HdL) analysis (Attachment 4), which allows the Council to initiate the renewal process.

Management District Plan

The Winegrowers and South Livermore wineries are proposing a continuation of the existing

Management District Plan, with minor administrative adjustments (Attachment 5). There are no proposed changes to any of the following:

1. District Boundary. The boundary would remain as is, including all existing and future wineries in the City of Livermore and east Alameda County. The Alameda County Resolution Granting Consent (Attachment 2) applies to formation and renewals, and no further consent is required from Alameda County.
2. Assessment. All wineries in the District would continue to be assessed two percent (2%) of total gross direct-to-consumer sales revenue on winery sales, which has created a District annual budget of $500,000+.
3. Service Plan. The existing services would continue, which primarily include marketing and brand awareness, advocacy, quality enhancement, and professional development and education efforts.
4. Means of Governance. The Winegrowers would continue to manage the District and receive and expend assessment dollars in accordance with the Plan. The Council would consider a separate agreement with the Winegrowers together with a future adoption resolution in order to formalize the relationship between the City and Winegrowers. Tax consultant HdL would continue to process and manage assessment activities, with City oversight, as also approved by a separate agreement.
5. Term. The proposed renewal term remains at five years, beginning July 1, 2026, and ending June 30, 2031.

Staff recommends the following change to the Plan, as agreed to by the Winegrowers:

1. City Collection Fee. The current City Collection Fee is 2% of the collected assessment. The Collection Fee is intended to ensure that all District admin costs are covered by the District, and not by the City General Fund. Given tax consultant HdL's increased collection costs, staff recommends the City Collection Fee be increased to 2.5%. This would ensure tax consultant and City oversight costs would remain covered by the District. The increase in collection fees would be offset by a reduction in District contingency funds, but would not decrease the amount of funds allocated to District services.

Renewal Process and Timeline

Pursuant to state law, staff is not recommending District renewal as part of this Council item. Instead, Council adoption of the Resolution of Intent to Renew (Attachment 3) the District would initiate the formal renewal process and establish dates for the required subsequent public meeting and public hearing. The proposed time and place of the public meeting and public hearing are contained in the Notice (Attachment 6) and described below. If the Council adopts the Resolution of Intent to Renew, the following process would occur, pursuant to the California Property and Business Improvement District Law of 1994 (Streets and Highways Code §36600 et seq.), with Council consideration of formal District renewal in June.

1. Resolution of Intent to Renew - March 9, 2026. City Council may declare the Petition Drive has succeeded, and that it intends to renew the District
2. Notice - March 10, 2026. City staff would mail written notices to the owners of all District wineries to be assessed. This begins a mandatory 45-day period in which assessed wineries may protest District renewal.
3. Public Meeting - April 27, 2026. City Council would allow public testimony on District renewal and

levy of assessments. No Council action required.

4. Final Public Hearing - June 8, 2026. Council may adopt the final Resolution of Renewal if majority protest does not occur.

FISCAL AND ADMINISTRATIVE IMPACTS

There are no significant fiscal or administrative impacts. District revenues are wholly derived from private business assessments. District administration activities conducted by City staff and its contractor Hinderliter de Llamas & Associates, Inc. (HdL) would be offset by the City collection fee of two and a half percent (2.5%) of the collected assessment. Pursuant to the Plan, the City would bill the Winegrowers for any additional one-time costs that are not included in the scope of City Collection Services, such as Petition processing and verification and outside legal counsel renewal services. No General or Special Fund dollars would be used for ongoing District management. General staff time allocated to preparing the renewal staff reports and approval documents are covered by existing Department budgets. Because District programs are intended to increase winery sales revenue for the Livermore Valley wineries within the District, stabilization of winery sales tax collections is anticipated.

COMMUNITY PILLAR

2: Economy that Prospers

GOAL

2: Lead efforts, in collaboration with other City departments and outside partners, to maintain and enhance the diversity and resilience of Livermore's economy

ATTACHMENTS

1. Resolution Establishing the District
2. Alameda County Resolution of Consent
3. Resolution of Intent to Renew
4. Exhibit A - Petition Analysis and Signed Petitions
5. Exhibit B - Management District Plan (Plan)
6. Exhibit C - Notice

Prepared by: Theresa de la Vega
Management Analyst II

Approved by:

Marianna A. Burch
City Manager

Fiscal Review by:

Tina Olson
Administrative Services Director

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION DECLARING THE RESULTS OF MAJORITY PROTEST PROCEEDINGS AND ESTABLISHING THE LIVERMORE VALLEY WINE HERITAGE DISTRICT (LVWHD)

The Property and Business Improvement District Law of 1994 (Streets and Highways Code § 36600 et. seq.) authorizes the City to establish business improvement districts upon petition by a weighted majority of the assessed business owners located within the boundaries of the district.

Winery owners who will pay more than fifty percent (50%) of the proposed assessment have petitioned the City Council to establish the LVWHD.

Consent to include all winery businesses in their respective jurisdictions has been received from the Counties of Alameda, and Contra Costa, and the cities of Danville and Dublin.

Included with the petitions was a Management District Plan (Plan) summary that describes the proposed assessment to be levied on wineries within the LVWHD to pay for marketing & brand awareness, community & industry advocacy, quality enhancement & education, and professional development & education efforts, and other improvements and activities set forth in the Plan. The Plan states that the boundaries for the proposed district correspond to the Livermore Valley American Viticultural Area, which is defined in 27 CFR § 9.46, with the exclusion of those areas within the jurisdictional boundaries for the cities of Pleasanton and San Ramon.

The assessed wineries within the LVWHD will receive a specific benefit from the activities and improvements set forth in the Plan. Assessments levied on wineries pursuant to this Resolution shall be levied on the basis of benefit. Because the services provided are intended to increase winery sales, an assessment based on winery sales is the best measure of benefit.

On September 13, 2021, at 7:00 PM at City Hall, located at 1052 S. Livermore Ave, Livermore, CA 94550, conducted via Zoom due to the COVID-19 pandemic, the City Council adopted a Resolution of Intention, Resolution No. 2021-149.

On October 11, 2021, at 7:00 PM at City Hall, located at 1052 S. Livermore Ave, Livermore, CA 94550, conducted via Zoom due to the COVID-19 pandemic, the City Council held a public meeting regarding the establishment of the LVWHD, and the City Council heard and received no objections to the establishment of the LVWHD and the levy of the proposed assessment.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

The public meeting and public hearing to consider the establishment of the LVWHD have been properly noticed in accordance with Streets and Highways Code § 36623.

On November 8, 2021, at 7:00 PM at City Hall, located at 1052 S. Livermore Ave, Livermore, CA 94550, conducted via Zoom due to the COVID-19 pandemic, the City Council held a public hearing regarding the establishment of the LVWHD, and the City Council heard and received all objections and protests, if any, to the establishment of the LVWHD and the levy of the proposed assessment, and continued the public hearing to November 22, 2021.

On November 22, 2021, the City received a letter from the Acting Executive Director/Operations Director for the Livermore Valley Wine Growers Association requesting the City reduce the boundaries for the proposed district to a smaller area that is entirely within the boundaries for the Livermore Valley American Viticultural Area that was described in the Plan. The letter included a reduced boundary map dated November 20, 2021, with a revision date of November 22, 2021 (Reduced Boundary Map).

On November 22, 2021, at 7:00 PM at City Hall, located at 1052 S. Livermore Ave, Livermore, CA 94550, conducted via Zoom due to the COVID-19 pandemic, the City Council held a public hearing regarding the establishment of the LVWHD, and the City Council heard and received all objections and protests, if any, to the establishment of the LVWHD and the levy of the proposed assessment.

The Clerk of the Council has determined that there was no majority protest. A majority protest is defined as written protests received from owners of businesses in the established LVWHD which would pay fifty percent (50%) or more of the assessments proposed to be levied.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that:

1. The recitals set forth herein are adopted by the City Council as findings and they are true and correct.

2. The LVWHD is hereby established for a five (5) year term, beginning July 1, 2021, and ending on June 30, 2026, unless renewed pursuant to Streets and Highways Code § 36660.

3. The Plan dated November 2, 2021, and attached hereto as Exhibit A, is hereby adopted and approved with the boundaries for the district reduced to area depicted in the Reduced Area Map attached as Exhibit B, which boundary area is entirely within the Livermore Valley American Viticultural Area, as set forth in section 6 below, and includes all wineries within the

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

district's boundaries when it is formed and that are established within the district during its lifetime for assessment.

4. The activities to be provided to benefit businesses in the LVWHD will be funded by the levy of the assessment. The revenue from the assessment levy shall not be used: to provide activities that directly benefit businesses outside the LVWHD; to provide activities or improvements outside the LVWHD; or for any purpose other than the purposes specified in this Resolution, the Resolution of Intention, and the Plan. Notwithstanding the foregoing, improvements and activities that must be provided outside the LVWHD boundaries to create a specific benefit to the assessed businesses may be provided but shall be limited to marketing or signage pointing to the LVWHD.

5. The assessments levied for the LVWHD shall be applied towards marketing & brand awareness, community & industry advocacy, quality enhancement & education, and professional development & education efforts to market assessed wineries in Livermore Valley to increase winery sales revenue, and other improvements and activities as set forth in the Plan.

6. The boundaries for the LVWHD are depicted in the Reduced Boundary Map that is attached hereto as Exhibit B, which boundaries fall entirely within the Livermore Valley American Viticultural Area that is defined in 27 CFR § 9.46, with the exclusion of those areas within the jurisdictional boundaries for the cities of Danville, Dublin, Pleasanton and San Ramon, and the exclusion of those areas within the Livermore Valley American Viticultural Area that are outside the district's boundaries depicted in the attached boundary map.

7. The assessments shall be used for the purposes set forth above and any funds remaining at the end of any year may be used in subsequent years in which the LVWHD assessment is levied as long as they are used consistently with the requirements set forth herein.

8. The assessments to fund the activities and improvements for the LVWHD will be collected by the City or a third-party collection agency on a quarterly basis, and in accordance with Streets and Highways Code § 36631.

9. The City Council, through adoption of this Resolution and the Plan with reduction in the district boundaries identified in sections 3 and 6 of this resolution, has the right pursuant to Streets and Highways Code § 36651 to identify the body that shall implement the proposed program, which shall be the Owners' Association of the LVWHD as defined in Streets and Highways Code § 36612. The City Council has determined that the

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

Livermore Valley Winegrowers Association shall be the LVWHD Owners' Association.

10. Livermore Valley Winegrowers Association, pursuant to Streets and Highways Code § 36650, shall cause to be prepared a report for each fiscal year, except the first year for which assessments are to be levied and collected to pay the costs of the improvement and activities described in the report. The first report shall be due after the first year of operation of the LVWHD.

11. The LVWHD established pursuant to this resolution will be subject to any amendments to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code § 36600 et. seq.).

12. The Clerk of the Council, or his or her designee, is directed to take all necessary actions to complete the establishment of the LVWHD and to levy the assessments.

13. This Resolution shall take effect immediately upon its adoption by the City Council.

On motion of Vice Mayor Munro, seconded by Council Member Carling, the foregoing resolution was passed and adopted on November 22, 2021, by the following vote:

AYES: Council Members Carling, Kiick, Vice Mayor Munro, and Mayor Woerner
NOES: None
ABSENT: Council Member Bonanno
ABSTAIN: None

ATTEST:

DocuSigned by:
Marie Weber
803794826BC44BB...

Marie Weber
City Clerk
12/3/2021 | 9:25 AM PST

APPROVED AS TO FORM:

DocuSigned by:
Jason Alcala
ACD00D4E252C458...

Jason Alcala
City Attorney

Exhibit A – LVWHD Management District Plan, dated November 2, 2021
Exhibit B – LVWHD Reduced Boundary Map, dated November 20, 2021, and revised November 22, 2021

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

2022-2026



LIVERMORE VALLEY WINE HERITAGE DISTRICT MANAGEMENT DISTRICT PLAN

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600 et seq.

November 2, 2021

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

CONTENTS

I. OVERVIEW 3

II. BACKGROUND 5

III. BOUNDARY 6

IV. ASSESSMENT BUDGET AND SERVICES 7

A. Annual Service Plan 7
B. Annual Budget 9
C. California Constitutional Compliance 9
D. Assessment 11
E. Penalties and Interest 11
F. Time and Manner for Collecting Assessments 12

V. GOVERNANCE 13

A. Owners' Association 13
B. Brown Act and California Public Records Act Compliance 13
C. Annual Report 13

APPENDIX 1 – LAW 14

APPENDIX 2 – ASSESSED BUSINESSES 25

Prepared by
Civitas

CIVITAS
PARTNERSHIPS • PROGRESS • PROSPERITY

(800)999-7781
www.civitasadvisors.com

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

I. OVERVIEW

Developed by Livermore Valley Winegrowers Association (LVWA), a non-profit organization, the Livermore Valley Wine Heritage District (LVWHD) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion and protection efforts with the goal to advance assessed businesses in the Livermore Valley Wine Country. This approach has been used successfully in other destination areas throughout the country to provide the benefit of driving increased business sales directly to payors.

Location: The LVWHD includes wineries located within the boundaries of the Counties of Alameda, and Contra Costa, and the cities of Danville, Livermore, Dublin, and Sunol, as shown on the map in Section III.

Services: The LVWHD is designed to provide specific benefits directly to payors by increasing winery sales and revenue therefrom. Marketing & brand awareness, community & industry advocacy, quality enhancement & education, and professional development & education efforts will promote assessed wineries in the LVWHD to increase winery sales revenue.

Budget: The total LVWHD annual assessment budget for the initial year of its five (5) year operation is anticipated to be approximately $693,000. This amount may fluctuate as businesses open and close and winery sales change. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as sales do.

Cost: The annual assessment rate is two percent (2%) of gross direct to consumer sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California or purchases made pursuant to contracts executed prior to January 1, 2022. Revenue generated from the LVWHD is intended only to provide programs and services for assessed businesses, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to business paying the assessment.

Collection: The City of Livermore (City) or a third-party collection agency shall be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in the boundaries of the LVWHD. The City or the third-party collection agency shall take all reasonable efforts to collect the assessments from each winery.

Duration: The LVWHD will have a five (5) year life, beginning July 1, 2021 and ending on June 30, 2026. Once per year, beginning on the anniversary of LVWHD formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on LVWHD termination.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

Management: The Livermore Valley Winegrowers Association will serve as the Owners' Association to provide improvements and activities for the LVWHD. The Association must provide an annual report on activities and expenditures to the City, which is also available to business owners.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

II. BACKGROUND

Wine Heritage Districts (WHDs) are an evolution of the traditional Business Improvement District (BID). BIDs utilize the efficiencies of private sector operation in the market-based promotion of business districts. BIDs allow business owners to organize their efforts to increase sales and promotional efforts. Business owners within the district fund a BID, and those funds are used to provide services that the businesses desire and benefit the businesses within the district.

Business Improvement District services may include, but are not limited to:

- Marketing of the District
- Business Promotion Activities
- Infrastructure Improvements

In California, BIDs are formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. *The key difference between BIDs and other special benefit assessment districts is that funds raised are managed by the private non-profit corporation governing the district.*

There are many benefits to Business Improvement Districts:

- Funds cannot be diverted for other government programs;
- Services are customized to fit the needs of each district;
- They allow for a wide range of services, including those listed above;
- Business Improvement Districts are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable funding source for business promotion.

The 94 Law is provided in Appendix 1 of this document.

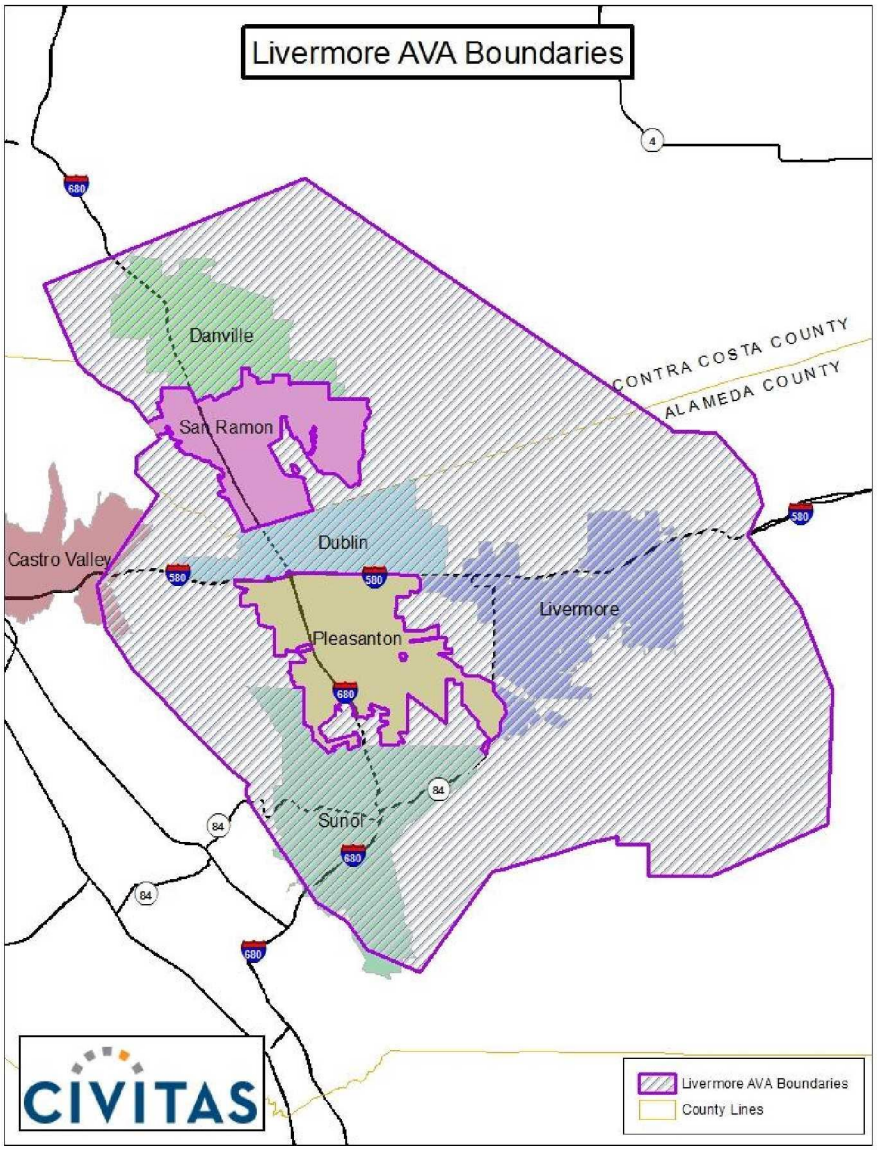
DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

III. BOUNDARY

The LVWHD will include all wineries existing and in the future, within the boundaries of the portions of the Counties of Alameda, and Contra Costa, and the cities of Danville, Livermore, Dublin, and Sunol, as shown on the map below.

The term "winery" as used herein means: A business that is commercial growing and/or processing of wine grapes; and/or must have a valid state license and/or federal permit to process or sell wine at retail locations within the boundaries of the LVWHD.

The boundary, as shown in the map below, currently includes fifty-six (56) wineries. A complete listing of wineries within the LVWHD can be found in Appendix 2.



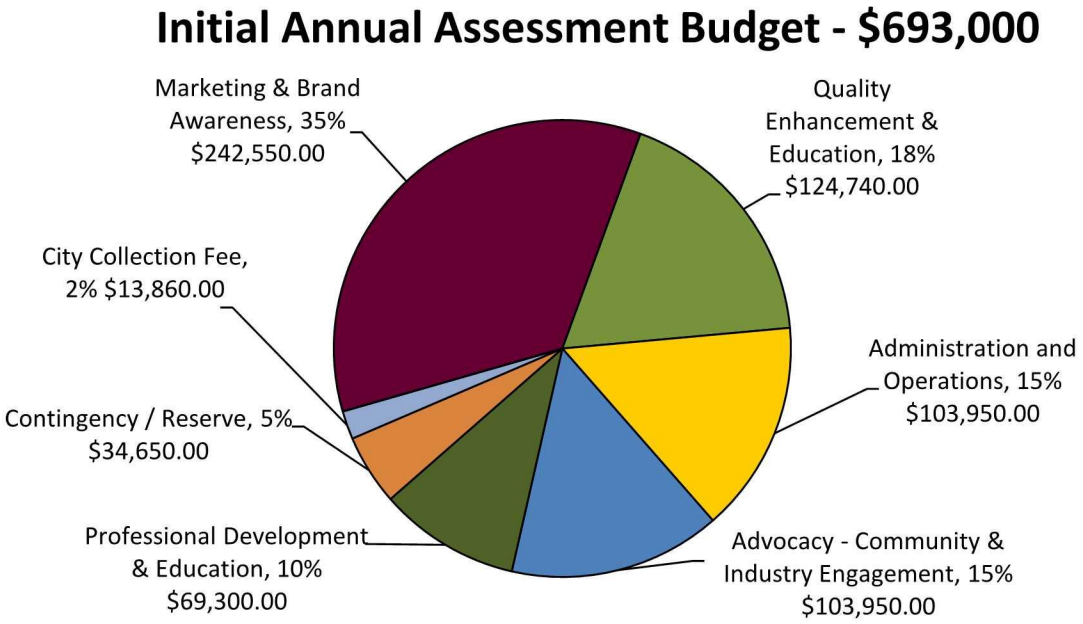
DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

IV. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the LVWHD funds are marketing & brand awareness, advocacy, and quality enhancement & education programs available only to assessed businesses.

A service plan budget has been developed to deliver services that benefit the assessed businesses. A detailed annual budget will be developed and approved by LVWA. The table below illustrates the initial annual budget allocations. The total initial assessment budget is $693,000.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the assessment budget shall remain the same. However, the City and the LVWA board shall have the authority to adjust budget allocations between the categories by no more than twenty percent (20%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the LVWHD, any and all assessment funds may be used for the costs of defending the LVWHD. The costs of creating the LVWHD may be repaid to LVWA reserves by deducting repayment funds proportionally from budget categories.

Each budget category includes all costs related to providing that service. For example, the marketing and brand awareness budget includes the cost of staff time dedicated to overseeing and implementing the marketing and brand awareness program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories. The staffing levels necessary to provide the services below will be determined by the Association on an as-needed basis.

Marketing & Brand Awareness

A brand awareness marketing program will promote the Livermore Valley Wine Heritage District ("LVWHD") as a premium winegrowing region and as a leader in the global wine community. The brand awareness marketing program will have a central theme of promoting the LVWHD as a desirable place to experience Livermore Valley wineries, and as a desirable area to purchase wines and other estate produced products. The program has the goal of increasing demand for visitation to the winegrowing region, retail sales, affinity for LVWHD grapes and wines, and recognition at and for assessed businesses, and may include but is not limited to the following activities:

- **Advertising** across any and all media channels to promote assessed winery tasting rooms on a local, regional or national level, including but not limited to: digital, print, television, radio and strategic brand partnerships;
- **Media Relations** – Promoting assessed winery tasting rooms through development of media relations strategies, including but not limited to: media familiarization tours, proactive media pitching and/or influencer relations;
- **Digital Marketing** – Utilizing paid, earned and owned social media to increase awareness of and engagement with assessed businesses;
- **Events** – Developing and executing winery focused special events to attract customers to assessed businesses;
- **Trade & Industry Engagement** – Ensuring representatives are provided the opportunity to attend trade shows, meetings, industry conferences, road shows, and events to promote assessed businesses; Create programs that engage key trade and industry influencers with the Livermore Valley;
- **Print Collateral** – Preparing and producing collateral, promotional materials such as brochures, flyers and maps for assessed winery tasting rooms;
- **Brand Enhancement** – Engage with third party brand development agency to develop brand platform and materials to assist with marketing assessed winery hospitality facilities;
- **Consumer Analytics** – Identify and leverage consumer demographic, geographic and psychographic data to target messaging that markets Livermore Valley as a premier, unique wine destination to attract customers to assessed winery hospitality facilities; and
- **Signage Program** – Ensure coordinated local signage for the Livermore Valley wine region.

Advocacy – Community & Industry Engagement

Advocacy programs will utilize dedicated time to provide unified attention, communication, and responsiveness throughout the LVWHD. The advocacy program will also include efforts to form relationships and collaborate with local government agencies, as well as community and regional organizations and entities, to provide a unified voice to represent assessed wine tasting facilities' best interests on topics related to economic development, regulations, and planning decisions that impact LVWHD wine tasting facilities, with the goal to advance, promote and protect the Livermore Valley Wine Country. Additionally, advocacy programs will engage and demonstrate leadership in key state and national trade and industry programs and organizations.

Quality Enhancement & Education

Educational programs and quality enhancement initiatives will be developed for assessed wine tasting facilities designed to emphasize and enhance excellence and leadership in the industry, with the ultimate goal of increasing visitation, sales, and brand value for local wineries. Such programs are intended to bring increased exposure and prominence to Livermore Valley Wine Country as a world-class winery destination through continued education to amplify exceptional practices of the growing

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

of wine grapes and vinification of wine. The program shall include initiatives to enhance wine quality and secure industry recognition for Livermore Valley Wine Country as a premier winemaking and grape-growing region.

Professional Development & Education
Programs and training for assessed winery facilities related to winemaking, wine grape growing, sales, hospitality, direct to consumer, marketing, media interviews, business operations and best practices.

Administration and Operations
The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy, and other general administrative costs such as insurance, legal, and accounting fees.

A certified public accountant may complete an agreed-upon procedures of the Owners' Association's allocation of LVWHD funds and usage in accordance with the terms and condition of the plan, at the City's discretion. The audit may be performed by the City, or the City may hire an independent audit firm at their expense.

City Collection Fee
The City of Livermore shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

Contingency / Reserve
The budget includes a contingency line item to account for lower than anticipated assessments. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Owners' Association. Contingency/reserve funds may be spent on District programs or administrative and renewal costs in such proportions as determined by the Owners' Association. The reserve fund may be used for the costs of renewing the LVWHD.

B. Annual Budget

The total five (5) year improvement and service plan budget is projected at approximately $693,000 annually, or $3,465,000 through 2026. This amount may fluctuate as businesses open and close and winery sales change.

C. California Constitutional Compliance

The LVWHD assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term 'assessments' to levies on real property.[1] Rather, the LVWHD assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the LVWHD, a "specific benefit" and a "specific government service." Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, "a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not

[1] *Howard Jarvis Taxpayers Association v. City of San Diego (1999)* 72 Cal App. 4th 230

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

exceed the reasonable costs to the local government of conferring the benefit or granting the privilege."[2] The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the LVWHD. The activities described in this Plan are specifically targeted to increase sales for assessed wineries within the boundaries of the LVWHD, and are narrowly tailored. LVWHD funds will be used exclusively to provide the specific benefit of increased sales revenue directly to the assessees. Assessment funds shall not be used to feature non-assessed wineries in LVWHD programs, or to directly generate sales for non-assessed wineries. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed wineries.

The assessment imposed by this LVWHD is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in winery sales revenue. The specific benefit of an increase in sales revenue for assessed wineries will be provided only to wineries paying the district assessment, with marketing & brand awareness, advocacy, and quality enhancement & education efforts promoting wineries paying the LVWHD assessment. The marketing & brand awareness, advocacy, and quality enhancement & education efforts programs will be designed to increase sales revenue at each assessed winery. Because they are necessary to provide the marketing & brand awareness, advocacy, and quality enhancement & education efforts programs that specifically benefit the assessed wineries, the administration and contingency services also provide the specific benefit of increased sales revenue to the wineries.

Although the LVWHD, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, "A specific benefit is not excluded from classification as a 'specific benefit' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor."[3]

2. Specific Government Service

The assessment may also be utilized to provide, "a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."[4] The legislature has recognized that marketing and promotions services like those to be provided by the LVWHD are government services within the meaning of Proposition 26[5]. Further, the legislature has determined that "a specific government service is not excluded from classification as a 'specific government service' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor."[6]

3. Reasonable Cost

LVWHD services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the LVWA, and reports submitted on an annual basis to the City. Only assessed wineries will be featured in marketing materials, receive sales leads generated from LVWHD-funded

[2] Cal. Const. art XIII C § 1(e)(1)
[3] Government Code § 53758(a)
[4] Cal. Const. art XIII C § 1(e)(2)
[5] Government Code § 53758(b)
[6] Government Code § 53758(b)

activities, be featured in advertising campaigns, and benefit from other LVWHD-funded services. Non-assessed wineries will not receive these, nor any other, LVWHD-funded services and benefits.

D. Assessment

The annual assessment rate is two percent (2%) of gross direct-to-consumer sales revenue of assessed wineries. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California or purchases made pursuant to contracts executed prior to January 1, 2022. Revenue generated from the LVWHD is intended only to provide programs and services for assessed businesses, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to business paying the assessment.

The term "gross sales revenue" as used herein means: the consideration charged by wineries, for all direct-to-consumer sales of wine, wine club shipments (whether shipped or picked up), ticket sales, tasting fees, tours and private and public special events, merchandise, prepared and packaged foods for on-premise or off-premise consumption (whether sold in a tasting room or a stand-alone restaurant on- premise), orders placed via telemarketing, telephone, online, email, whether carried out at the time of purchase, shipped or picked up at a later date (pre-sales). Gross sales revenue shall not include any federal, state or local taxes collected, including but not limited to sales and use taxes.

The assessment is levied upon and a direct obligation of the assessed winery. However, the assessed winery may, at its discretion, pass the assessment on to customers. The amount of assessment, if passed on to each customer, shall be disclosed in advance and separately stated from the amount charged and any other applicable taxes, and each customer shall receive a receipt for payment from the business. If the LVWHD assessment is identified separately it shall be disclosed as the "LVWHD Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed winery even if it is passed on to customers. The assessment shall not be considered revenue for any purpose, including calculation of sales taxes.

Bonds shall not be issued.

E. Penalties and Interest

The LVWHD shall reimburse the City of Livermore (City) for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent LVWHD assessment are sought to be recovered in the same collection action by the City, the LVWHD shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency*
   Any winery that fails to remit any assessment imposed by this section within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.
2. *Continued Delinquency*
   Any winery that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the assessment in addition to the assessment and the ten percent (10%) penalty first imposed.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

3. *Fraud*
   If the City or third-party collection agency determines that the nonpayment of any remittance due under this article is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in paragraph one (1) and two (2) above of this section.
4. *Interest*
   In addition to the penalties imposed, any winery who fails to remit any assessment imposed by this section shall pay interest at the rate of one-quarter of one percent (0.25%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

F. Time and Manner for Collecting Assessments

The LVWHD assessment will be implemented beginning January 1, 2022 and continuing for four and a half (4.5) years to end on June 30, 2026. The City of Livermore or a third-party collection agency will be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in each jurisdiction within the LVWHD. The City or a third-party collection agency shall take all reasonable efforts to collect the assessments from each winery. The City or a third-party collection agency shall forward the assessments collected to the Owners' Association.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

V. GOVERNANCE

A. Owners' Association

The City Council of the City of Livermore, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the LVWHD as defined in Streets and Highways Code §36612. The City Council has determined that Livermore Valley Winegrowers Association (LVWA) will serve as the Owners' Association for the LVWHD.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the LVWA board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Annual Report

The LVWA shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2020 SUPPLEMENT ***
(ALL 2019 LEGISLATION)

STREETS AND HIGHWAYS CODE
DIVISION 18. PARKING
PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

(a) Businesses located and operating within business districts in some of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.

(d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.

(e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:

(1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.

(2) Job creation.

(3) Business attraction.

(4) Business retention.

(5) Economic growth.

(6) New investments.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature's guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. "Activities"

"Activities" means, but is not limited to, all of the following that benefit businesses or real property in the district:

(a) Promotion of public events.

(b) Furnishing of music in any public place.

(c) Promotion of tourism within the district.

(d) Marketing and economic development, including retail retention and recruitment.

(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.

(f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. "Clerk"

"Clerk" means the clerk of the legislative body.

36609.5. "General benefit"

"General benefit" means, for purposes of a property-based district, any benefit that is not a "special benefit" as defined in Section 36615.5.

36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

(a) Parking facilities.
(b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
(c) Trash receptacles and public restrooms.
(d) Lighting and heating facilities.
(e) Decorations.
(f) Parks.
(g) Fountains.
(h) Planting areas.
(i) Closing, opening, widening, or narrowing of existing streets.
(j) Facilities or equipment, or both, to enhance security of persons and property within the district.
(k) Ramps, sidewalks, plazas, and pedestrian malls.
(l) Rehabilitation or removal of existing structures.

36611. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

36612. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36614.6. "Property-based assessment"

"Property-based assessment" means any assessment made pursuant to this part upon real property.

36614.7. "Property-based district"

"Property-based district" means any district in which a city levies a property-based assessment.

36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. "Special benefit"

"Special benefit" means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board

of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay

50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a)The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.
(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.
(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
(2) The improvements, maintenance, and activities to be provided for that fiscal year.
(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.
The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

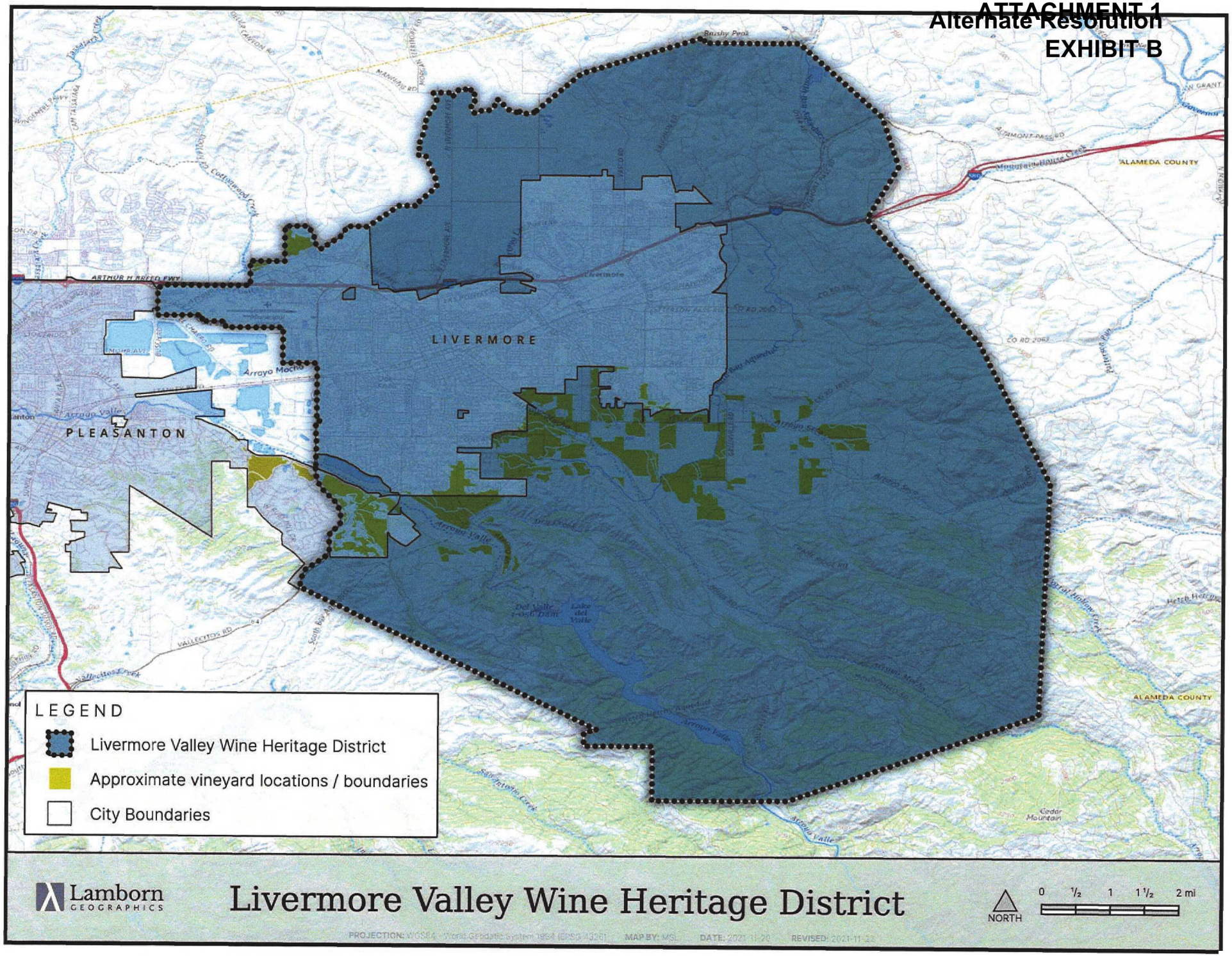
(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

DocuSign Envelope ID: 20C3D18C-CB06-4EF6-A494-15BD10786B4F

APPENDIX 2 – ASSESSED BUSINESSES

3 Steves Winery	Jackson Cellars / Mitchell Katz
Arroyo Cellars	Las Positas Vineyards
Beck Family Vineyards	Leisure Street Winery
Bent Creek Winery	Longevity Wines
Big White House, LLC	Madison Vineyards
BoaVentura de Caires Winery	McGrail Vineyards and Winery
Bodegas Aguirre	Murrietas Well
Caddis Winery	Nella Terra Cellars
Cedar Mountain Winery	Nottingham Cellars
Charles R Vineyards	Occasio Winery
Chateau Bellevue	Odiesa Wine Company
Chouinard Vineyards	Omega Road Winery
Concannon Vineyards	Page Mill Winery
Crooked Vine/Stoney Ridge	Pat Paulsen Vineyards
Cuda Ridge Wines	Retzlaff Vineyards
Dante Robere Vineyards	Ricigliano LLC
Darcie Kent Vineyards LLC	Rios-Lovell Winery
Del Sole Winery, LLC	Rodrigue Molyneaux Winery
Del Valle Winery	Rosa Fierro Cellars
Eagle Ridge Vineyard	Steven Kent Winery
Ehrenberg Cellars	Tenuta Vineyard
Elliston	Tesla Vinters
Enoteca Five	The Lineage Collection
Favalora Vineyards	Vintagio Wines
Fenestra Winery	Wente Family Estates
Garre' Vineyard and Winery	Westover Vineyards
Iron Palm Winery	Wood Family Vineyards

* The list was developed with the most reliable information provided; however, the list may contain discrepancies. This list shall include any future to-be opened businesses. Any business that may have been missed in this list, but is still within the boundaries of the LVWHD, shall also be subject to assessment.


LIVERMORE
PLEASANTON
ALAMEDA COUNTY
ALAMEDA COUNTY
LEGEND
Livermore Valley Wine Heritage District
Approximate vineyard locations / boundaries
City Boundaries
Lamborn GEOGRAPHICS
Livermore Valley Wine Heritage District
NORTH
0 ½ 1 1½ 2 mi

ALAMEDA COUNTY BOARD OF SUPERVISORS
MINUTE ORDER

The following action was taken by the Alameda County Board of Supervisors on 09/28/2021

Approved as Recommended ☑ **Other** ☐

Unanimous ☑ **Chan:** ☐ **Haubert:** ☐ **Miley:** ☐ **Valle:** ☐ **Carson:** ☐ - 5
Vote Key: N=No; A=Abstain; X=Excused

Documents accompanying this matter:

Resolution: R-2021-498

Documents to be signed by Agency/Purchasing Agent:

File No. 30592
Item No. 44.1

Copies sent to:
Shawn Wilson

Special Notes:

I certify that the foregoing is a correct copy of a Minute Order adopted by the Board of Supervisors, Alameda County, State of California.

ATTEST:
Clerk of the Board
Board of Supervisors

By: RBailey
Deputy

AGENDA 44.1 September 28, 2021

BOARD OF SUPERVISORS

David Haubert
SUPERVISOR, FIRST DISTRICT

Honorable Board of Supervisors
Alameda County Administration Building
Oakland, CA 94612

Dear Board Members:

SUBJECT: ADOPTION OF A RESOLUTION GRANTING CONSENT TO THE CITY OF LIVERMORE TO ESTABLISH THE LIVERMORE VALLEY WINE HERITAGE DISTRICT AND INCLUDE THE COUNTY OF ALAMEDA IN THE DISTRICT.

RECOMMENDATION:

Adopt a Resolution to grant consent to the City of Livermore to form the Livermore Valley Wine Heritage District (LVWHD) and include the County of Alameda in the LVWHD.

DISCUSSION:

The recommended action, adoption of the attached Resolution granting consent to the City of Livermore to form the Livermore Valley Wine Heritage District (LVWHD) and include the County of Alameda in the LVWHD will enable the City of Livermore and the Livermore Valley Winegrowers Association (LVWA) to move forward with the LVWHD formation process. Upon successful formation, the LVWHD will be governed by the City of Livermore and the Livermore Valley Winegrowers Association.

The City of Livermore is working with the Livermore Valley Wine Association and local winery businesses to form the LVWHD pursuant to the Property and Business Improvement District Law of 1994 (94 Law). The City of Livermore (City) has requested by Resolution the inclusion of the County of Alameda in the LVWHD. The LVWHD Management District Plan (Plan) sets forth the assessment rate.

The annual assessment rate is two percent (2%) of gross direct to consumer sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. In order to form the LVWHD, a majority of the businesses paying the assessment must petition the City for LVWHD formation (by amount paid).

The 94 Law allows for the formation of multi-jurisdictional Business Improvement Districts (BIDs), with consent of the included jurisdictions being granted to one "lead" jurisdiction. The City of Livermore has requested consent to act as the lead jurisdiction in the formation of the LVWHD. Adopting this Resolution will give the City of Livermore authority to include the County of Alameda in the proposed LVWHD. To form the LVWHD, the City of Livermore will follow the formation proceedings specified in the 94 Law, including accepting petitions, adopting a Resolution declaring its intention to form the LVWHD, holding a public meeting and public hearing to allow for comments, and adopting a Resolution establishing the LVWHD.

WINE HERITAGE DISTRICTS

Wine Heritage Districts (WHDs) are an evolution of the traditional Business Improvement District (BID). BIDs allow business owners to organize their efforts to increase sales and promotional efforts. Business owners within the district fund a BID, and those funds are used to provide services that the businesses desire and benefit the businesses within the district.

BID benefits:

- Funds cannot be diverted for other government programs;
- They are customized to fit the needs of each destination;
- They allow for a wide range of services; including: marketing programs, business promotion activities, and infrastructure improvements;
- They are designed, created and governed by those who will pay the assessment; and
- They provide a stable funding source for business promotion.

In California, BIDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of a special benefit assessment districts to raise funds within a specific geographic area. The key difference between BIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the BID.

MANAGEMENT DISTRICT PLAN

The Management District Plan includes the proposed boundary of the LVWHD, a service plan and budget and a proposed means of governance. The LVWHD includes wineries located within the boundaries of the Counties of Alameda, and Contra Costa, and the cities of Danville, Livermore, Dublin, and Sunol, as shown on the map within the Management District Plan.

The established LVWHD will have a five (5) year term, beginning July 1, 2021 and ending on June 30, 2026. The assessment will be implemented beginning July 1, 2021. Once per year beginning on the anniversary of LVWHD establishment there is a thirty (30) day period in which winery owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the LVWHD.

The annual assessment rate is two percent (2%) of gross sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. If formed, the LVWHD would generate approximately $693,000 on an annual basis for marketing & brand awareness, community & industry advocacy, quality enhancement & education, and professional development & education efforts will promote assessed wineries in the LVWHD to increase winery sales revenue.

The City of Livermore (City) or a third-party collection agency shall be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in the boundaries of the LVWHD. The City or the third-party collection agency shall take all reasonable efforts to collect the assessments from each winery.

LVWHD ESTABLISHMENT PROCESS

RESOLUTION OF INTENTION HEARING: Upon the submission of a written petition, signed by the winery owners in the established district who will pay more than fifty percent (50%) of the assessments proposed to be levied, the Livermore City Council (Council) may initiate proceedings to establish a district by the adoption of a resolution expressing its intention to establish a district.

RESOLUTION REQUESTING CONSENT: Upon adoption of the Resolution of Intention, the City Council must request consent from the Counties of Alameda and Contra Costa (counties), and the cities of Danville and Dublin (cities) to be included in the proposed LVWHD. Consent must be received from the counties and the cities prior to the final public hearing for their jursidiction to be included in the established LVWHD.

NOTICE: The 94 Law requires the City to mail written notice to the owners of all wineries proposed to be within the LVWHD. Mailing the notice begins a mandatory forty-five (45) day period in which owners may protest LVWHD establishment.

PUBLIC MEETING: Allow public testimony on the establishment of the LVWHD and levy of assessments. No Council action required.

FINAL PUBLIC HEARING: If written protests are received from the owners of wineries in the established LVWHD which will pay more than fifty percent (50%) of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such wineries shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Council.

At the conclusion of the public hearing to establish the LVWHD, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them.

At the conclusion of the public hearing to establish the LVWHD, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them.

FINANCING:

There will be no increase to net County cost. As the LVWHD programs are intended to increase winery sales revenue for Livermore Valley wineries within the LVWHD, there may be an increase in sales tax collections.

VISION 2026 GOAL:

Including the County of Alameda within the Livermore Valley Wine Heritage District supports our shared vision of a Prosperous & Vibrant Economy.

Sincerely,

David G. Haubert

David G. Haubert
Alameda County Supervisor
District 1

BOARD OF SUPERVISORS, COUNTY OF ALAMEDA

STATE OF CALIFORNIA

RESOLUTION NO. 2021- 498

A RESOLUTION GRANTING CONSENT TO THE CITY OF LIVERMORE TO FORM THE LIVERMORE VALLEY WINE HERITAGE DISTRICT (LVWHD)

WHEREAS, the City of Livermore is beginning the process to form the Livermore Valley Wine Heritage District (LVWHD) pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., to provide specific benefits to assessed winery businesses in Livermore Valley Wine Country; and

WHEREAS, the City Council of the City of Livermore has requested consent to form the LVWHD in the County of Alameda with adoption of Livermore City Council Resolution No. 2021-159, dated September 13, 2021.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA HEREBY RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1

The above recitals are true and correct.

SECTION 2

The City of Livermore is hereby granted consent to include the County of Alameda in the LVWHD, as shown on the following map, for the formation of the LVWHD and future renewals.

SECTION 3

The Clerk of the Board of Supervisors is hereby directed to transmit a certified copy of this Resolution to the City Clerk of the City of Livermore City Council.

SECTION 4

This Resolution is effective upon its adoption.

SECTION 5

The foregoing is **PASSED** and **ADOPTED** by the Board of Supervisors of the County of Alameda, State of California, on this 28th day of September 2021, by the following called vote:

AYES: Supervisors Chan, Haubert, Miley, Valle & President Carson
NOES: None
EXCUSED: None

Keith Carson
PRESIDENT, BOARD OF SUPERVISORS

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

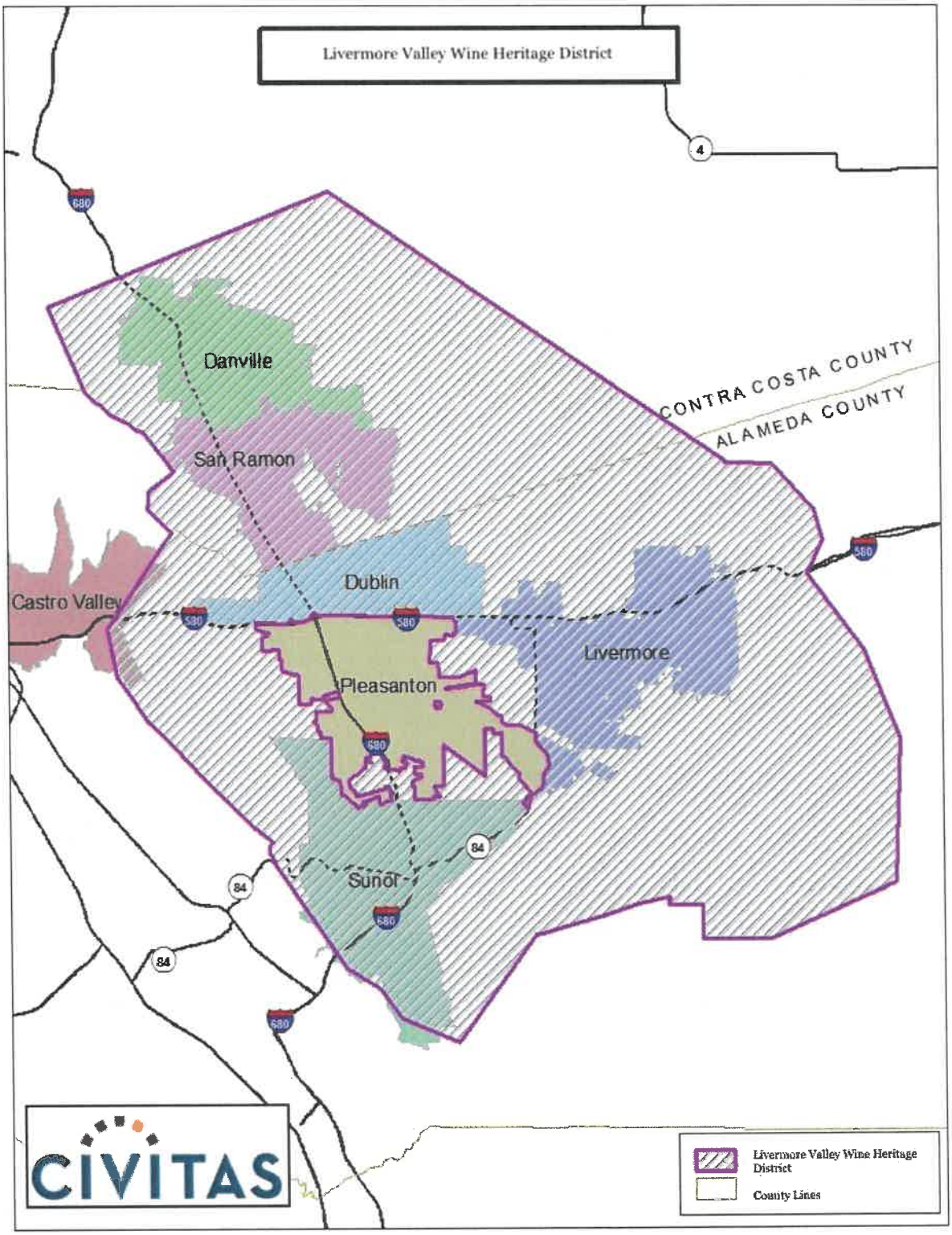
By: R Bailey, Deputy

APPROVED AS TO FORM:

DONNA R. ZIEGLER, COUNTY COUNSEL

By: _____
Farand Kan
Deputy County Counsel

Boundary Map



ATTACHMENT 2

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION DECLARING ITS INTENTION TO ESTABLISH THE LIVERMORE VALLEY WINE HERITAGE DISTRICT (LVWHD) AND FIXING THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF
RESOLUTION NO. 2021-158

The Property and Business Improvement Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the City to establish business improvement districts for the purposes of improving the economic activity within a particular geographic area.

The Livermore Valley Winegrowers Association (LVWA), winery owners, and representatives from the City of Livermore have met to consider the formation of the LVWHD.

LVWA has drafted a Management District Plan (Plan) which sets forth the proposed boundary of the LVWHD, a service plan and budget, and a proposed means of governance.

Wineries who will pay more than fifty percent (50%) of the assessment under the LVWHD have petitioned the City Council to establish the LVWHD and the California Department of Tax and Fee Administration has certified that the petitioners represent more than fifty percent of the assessment by gross sales.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that,

1. The recitals set forth herein are true and correct.

2. The City Council finds that wineries that will pay more than fifty percent (50%) of the assessment proposed in the Plan have signed and submitted petitions in support of the formation of the LVWHD. The City Council accepts the petitions and adopts this Resolution of Intention to establish the LVWHD and to levy an assessment on certain wineries within the LVWHD boundaries in accordance with the Property and Business Improvement District Law of 1994.

3. The City Council finds that the Plan satisfies all requirements of Streets and Highways Code § 36622.

4. The City Council declares its intention to establish the LVWHD and to levy and collect assessments on all wineries within the LVWHD boundaries pursuant to the Property and Business Improvement District Law of 1994. The proposed assessment will be levied on business owners.

5. The LVWHD shall include all wineries located within the boundaries of the Counties of Alameda, and Contra Costa, and the cities of Livermore and Dublin, and the Town of Danville.

6. The name of the district shall be Livermore Valley Wine Heritage District (LVWHD).

7. The annual assessment rate is two percent (2%) of gross sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California.

8. The assessments levied for the LVWHD shall be applied toward marketing & brand awareness, community & industry advocacy, quality enhancement & education, and professional development & education efforts to market assessed wineries in Livermore Valley to increase winery sales revenue. Funds remaining at the end of any year may be used in subsequent years in which LVWHD assessments are levied as long as they are used consistent with the requirements of this resolution and the Plan.

9. The established LVWHD will have a five (5) year term, beginning July 1, 2021, and ending on June 30, 2026, unless renewed pursuant to Streets and Highways Code § 36660.

10. Bonds shall not be issued.

11. The time and place for the public meeting to hear testimony on establishing the LVWHD and levying assessments are set for October 11, 2021, at 7:00 PM, or as soon thereafter as the matter may be heard, at Livermore Civic Center Meeting Hall, located at 1016 S. Livermore Ave, Livermore, CA 94550.

12. The time and place for the public hearing to establish the LVWHD and the levy of assessments are set for November 8, 2021, at 7:00 PM, or as soon thereafter as the matter may be heard, at the Livermore Civic Center Meeting Hall, located at 1016 S. Livermore Ave, Livermore, CA 94550. The City Clerk is directed to provide written notice to the wineries subject to assessment of the date and time of the meeting and hearing, and to provide that notice as required by Streets and Highways Code § 36623.

13. At the public meeting and hearing the testimony of all interested persons for or against the formation of the LVWHD may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the wineries within the established LVWHD that will pay more than fifty percent (50%) of the estimated total assessment of the entire LVWHD, no further proceedings to establish the LVWHD shall occur for a period of one (1) year.

14. The complete Plan is on file with the City Clerk and may be reviewed upon request.

ATTACHMENT 2

15. This resolution shall take effect immediately upon its adoption by the City Council.

On motion of Vice Mayor Munro, seconded by Council Member Bonanno, the foregoing resolution was passed and adopted on September 13, 2021, by the following vote:

AYES:	Council Members Bonanno, Carling, Kiick, Vice Mayor Munro, and Mayor Woerner
NOES:	None
ABSENT:	None
ABSTAIN:	None

ATTEST:

DocuSigned by:
Marie Weber
8937B4826BC44BB...
Marie Weber
City Clerk
9/17/2021 | 5:10 PM PDT

APPROVED AS TO FORM:

DocuSigned by:
Kelly Trujillo
DEFCE7894A8249E...
Kelly J. Trujillo
Assistant City Attorney

ATTACHMENT 2

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION REQUESTING CONSENT OF THE COUNTIES OF ALAMEDA AND CONTRA COSTA, AND THE CITIES OF DANVILLE AND DUBLIN TO FORM THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

The City Council of the City of Livermore (the "Council") desires to begin proceedings to form the Livermore Valley Wine Heritage District ("LVWHD") as requested by certain business owners.

A portion of the territory proposed to be included in the proposed LVWHD lies within the boundaries of the Counties of Alameda and Contra Costa (the "counties"), and the cities of Livermore and Dublin (the "cities"), and the Town of Danville ("Town") as shown on the map attached hereto as Exhibit A and incorporated herein by such attachment.

The area of the counties, cities and Town which lies within the boundaries of the proposed formed LVWHD will, in the opinion of the Council, be benefited by the improvements and activities, and the purpose sought to be accomplished by the work can best be accomplished be a single comprehensive scheme of work.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, that:

Section 1: The above recitals are true and correct.

Section 2: Consent of the counties, cities and Town, through their Boards of Supervisors and their City or Town Councils, is hereby requested to create the LVWHD, and to grant to the Council jurisdiction for all the purposes in connection with creation, operation and future renewals of the proposed LVWHD.

Section 3: The Clerk of the Council is hereby directed to transmit a certified copy of this Resolution to the clerks of the Counties of Alameda and Contra Costa, the City of Danville, and the Town of Dublin.

On motion of Vice Mayor Munro, seconded by Council Member Bonanno, the foregoing resolution was passed and adopted on September 13, 2021, by the following vote:

AYES:	Council Members Bonanno, Carling, Kiick, Vice Mayor Munro, and Mayor Woerner
NOES:	None
ABSENT:	None
ABSTAIN:	None

ATTACHMENT 2

ATTEST:

DocuSigned by:
Marie Weber
8027D4826BC44BB...

Marie Weber
City Clerk
9/17/2021 | 5:10 PM PDT

APPROVED AS TO FORM:

DocuSigned by:
Kelly Trujillo
DEECE7894AB249E...

Kelly J. Trujillo
Assistant City Attorney

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION OF INTENT TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT FOR A FIVE-YEAR TERM

The Property and Business Improvement District Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the City to establish and renew business improvement districts for the purposes of improving economic activity within a particular geographic area.

On November 22, 2021, the City of Livermore (City) created the Livermore Valley Wine Heritage District (District) via Resolution No. 2021-198 for a five (5) year term which ends on June 30, 2026.

The Livermore Valley Winegrowers Association (Winegrowers) and representatives from the City of Livermore have met to consider the renewal of the District. The proposed renewed district will be for a five (5) year term, beginning July 1, 2026, or as soon as possible thereafter, and ending five (5) years from its start date, unless renewed pursuant to Streets and Highways Code § 36660.

The Winegrowers have drafted the proposed Management District Plan (Plan) which sets forth the proposed boundary of the renewed District, a service plan, budget, and a proposed means of governance.

The boundary of the renewed District is the same as the current boundary and includes wineries in the City of Livermore and the County of Alameda.

Consent to include wineries in its jurisdiction in future renewals has been granted by the County of Alameda during the District formation via Board of Supervisors, County of Alameda, State of California, Resolution 2021-498.

Wineries who will pay more than fifty percent (50%) of the assessment under the District, as required by Property and Business Improvement District Law of 1994, have petitioned the Council to renew the District.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, as follows:

Section 1. The recitals set forth herein are true and correct.

Section 2. The Council finds that wineries that will pay more than fifty percent (50%) of the assessment proposed in the Plan have signed and submitted petitions in support of the renewal of the District. The Petition Analysis and Signed Petitions, attached hereto as Exhibit A, demonstrate sufficient and valid support for renewal of the District, as required by the Property and Business Improvement District Law of 1994. The Council

accepts the petitions and adopts this Resolution of Intention to renew the District and to levy an assessment on certain wineries within the District boundaries, in accordance with the Property and Business Improvement District Law of 1994.

Section 3. The Council finds that the Plan, attached hereto as Exhibit B, satisfies all requirements of Streets and Highways Code § 36622.

Section 4. The Council declares its intention to renew the District and to levy and collect assessments from each winery located within the District boundaries pursuant to the Property and Business Improvement District Law of 1994.

Section 5. The District shall include all wineries, existing and in the future, located within the boundaries of the County of Alameda and the City of Livermore, as shown in the map in Section III of the Plan, attached hereto as Exhibit B.

Section 6. The name of the district shall continue to be the Livermore Valley Wine Heritage District.

Section 7. The annual assessment rate levied on winery businesses is two percent (2%) of gross direct-to-consumer sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. Revenue generated from the District is intended only to provide programs and services for assessed businesses, all of which are in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to businesses paying the assessment.

Section 8. The assessments levied for the District shall be applied toward Brand Awareness, Advocacy, Quality Enhancement & Education, and Professional Development & Education programs to market assessed wineries in Livermore Valley as a premier winery destination, as described in the Plan. Funds remaining at the end of any year may be used in subsequent years in which District assessments are levied as long as they are used consistent with the requirements of this Resolution and the Plan.

Section 9. The renewed District will have a five (5) year term, beginning July 1, 2026, or as soon as possible thereafter, and ending five (5) years from its start date, unless renewed pursuant to Streets and Highways Code § 36660.

Section 10. Bonds shall not be issued.

Section 11. The time and place for the public meeting to hear testimony on renewing the District and levying assessments are set for April 27, 2026, at 7:00 PM, or

as soon thereafter as the matter may be heard, at the Council Chambers located at 1016 S. Livermore Avenue, Livermore, CA 94550.

Section 12. The time and place for the public hearing to renew the District and the levy of assessments are set for June 8, 2026, at 7:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at 1016 S. Livermore Avenue, Livermore, CA 94550. The City Clerk is directed to provide written notice to the assessed wineries of the date and time of the meeting and hearing, and to provide that notice as required by Streets and Highways Code § 36623, no later than March 10, 2026. The Notice of Public Meeting and Public Hearing Concerning the Renewal of the District and Levy of an Assessment on Certain Wineries within the District is attached hereto as Exhibit C.

Section 13. At the public meeting and hearing the testimony of all interested persons for or against the renewal of the District may be received. If at the conclusion of the public hearing, there are of record, written protests by the owners of the assessed wineries within the renewed District that will pay fifty percent (50%) or more of the estimated total assessment of the entire District, no further proceedings to renew the District shall occur for a period of one (1) year.

Section 14. The complete Plan is on file with the City Clerk and may be reviewed upon request.

Section 15. This resolution shall take effect immediately upon its adoption by the City Council.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Daniel Gonzales
Daniel Gonzales
Deputy City Attorney

Attachments:
Exhibit A - Petition Analysis and Signed Petitions
Exhibit B - Management District Plan (Plan)
Exhibit C - Notice

HdL Companies CITY OF LIVERMORE

LIVERMORE WINE HERITAGE DISTRICT PETITION ANALYSIS

FEBRUARY 12, 2026

SUMMARY

A total of 21 petitions were submitted in support of renewing the Livermore Wine Heritage District (BID). Of these, 19 were reliably matched to winery assessment records. Because sales tax was used to establish the district, will be used again for renewal, and closely represents the total gross sales used to determine each winery's assessment, petition support was evaluated based on each winery's share of total sales tax. The 19 matched petitioners represent 88.54% of all winery sales tax revenue for FY 2024–25, demonstrating strong weighted support for renewal.

METHODOLOGY

To verify support for the renewal effort, we followed a three-step process:

1) **Creating the Assessment Reference List**
   We compiled a comprehensive list of wineries operating within the LVWHD boundaries and the total sales tax each reported for FY 2024–25. This dataset is referred to as the "Assessment Reference List."

2) **Matching Petitions to the Assessment Reference List**
   Each petition was evaluated against the assessment reference list using the following criteria:

   Full Match:
   If both the business name and address on the petition aligned exactly with an entry in the assessment reference list, the petition was counted as a full match.

   Close Match:
   If the business name matched but the address did not appear in the assessment reference list, the petition was treated as a close match and included in the results.

3) **Calculating Support**
   For all petitions that qualified as either full or close matches, we totaled the corresponding sales tax amounts reported for FY 2024–25.

   19 of 21 petitions met the matching criteria, and their combined sales tax total represents 88.54% of all winery sales tax included in the assessment reference list.

CONCLUSION

Based on the percentage of sales tax represented by the matched petitions, the Livermore Wine Heritage District has satisfactorily exceeded the minimum threshold of the required 50% + 1 threshold of proposed assessments as required by the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. needed to renew the district. The matched petitions therefore demonstrate sufficient and valid support for renewal.

Assessment Reference List

DBA	Street Address	City, State, Zip	Match Type
3 STEVE'S WINERY	5700 GREENVILLE RD	LIVERMORE, CA 94550-6704	Full Match
ALMOST FAMOUS WINE COMPANY	2271 S VASCO RD STE D	LIVERMORE, CA 94550-8316	Full Match
ARROYO CELLARS	2270 RESEARCH DR	LIVERMORE, CA 94550-3846	Full Match
BENT CREEK WINERY	5455 GREENVILLE RD	LIVERMORE, CA 94550-6702	No Petition
BOAVENTURA DE CAIRES WINERY	9309 TESLA RD	LIVERMORE, CA 94550-9748	No Petition
CADDIS	7878 CEDAR MOUNTAIN RD	LIVERMORE, CA 94550-7333	No Petition
CHARLES R VINEYARDS	8195 CRANE RIDGE RD	LIVERMORE, CA 94550	No Petition
CONCANNON VINEYARDS	4590 TESLA RD	LIVERMORE, CA 94550-9002	Full Match
CUDA RIDGE WINES LLC	2400 ARROYO RD	LIVERMORE, CA 94550-9201	Full Match
DANTE ROBERE VINEYARDS	1200 WETMORE RD	LIVERMORE, CA 94550-9640	No Petition
DEL VALLE WINERY	4948 TESLA RD	LIVERMORE, CA 94550-9530	Full Match
FAVALORA VINEYARDS & WINERY, INC	2245 S VASCO RD STE A	LIVERMORE, CA 94550-8314	No Petition
FENESTRA WINERY	83 VALLECITOS RD	LIVERMORE, CA 94550-9603	Close Match
GARRE VINEYARD & WINERY	7986 TESLA RD	LIVERMORE, CA 94550-9353	Full Match
MITCHELL KATZ	2915 S VASCO RD	LIVERMORE, CA 94550-9352	Full Match
LAS POSITAS VINEYARDS	1828 WETMORE RD	LIVERMORE, CA 94550-9705	Full Match
LEISURE STREET WINERY	8953 TESLA RD	LIVERMORE, CA 94550-9735	No Petition
LONGEVITY WINES	2271 S VASCO RD STE B	LIVERMORE, CA 94550-8315	No Petition
MADISON VINEYARDS INC.	3150 REED AVE	LIVERMORE, CA 94550-9616	No Petition
MCGRAIL VINEYARDS AND WINERY	5600 GREENVILLE RD	LIVERMORE, CA 94550-6703	Full Match
OCCASIO WINERY	2245 S VASCO RD UNIT B	LIVERMORE, CA 94550-8313	No Petition
OMEGA ROAD WINERY & CELLARS	2127 S VASCO RD STE C	LIVERMORE, CA 94550-9688	No Petition
PAGE MILL WINERY LLC	1960 S LIVERMORE AVE	LIVERMORE, CA 94550-9003	Full Match
PRUETT FARMS	5385 EAST AVE	LIVERMORE, CA 94550-9634	Full Match

RETZLAFF VINEYARDS	1356 S LIVERMORE AVE	LIVERMORE, CA 94550-9505	No Petition
RIOS LOVELL WINERY	6500 TESLA RD	LIVERMORE, CA 94550-9123	No Petition
RODRIGUE MOLYNEAUX WINERY	3053 MARINA AVE	LIVERMORE, CA 94550-9602	No Petition
ROSA FIERRO CELLARS	2245 S VASCO RD STE A	LIVERMORE, CA 94550-8314	Full Match
THE STEVEN KENT WINERY	2245 S VASCO RD STE C	LIVERMORE, CA 94550-8314	Full Match
TENUTA VINEYARD	633 KALTHOFF CMN	LIVERMORE, CA 94550-6489	No Petition
TESLA VINTERS	5143 TESLA RD	LIVERMORE, CA 94550-9619	No Petition
WENTE VINEYARDS	5050 ARROYO RD 2	LIVERMORE, CA 94550-9645	Close Match
WOOD FAMILY VINEYARDS	2407 RESEARCH DR	LIVERMORE, CA 94550-3851	Full Match
SAKURA WINERY	5556 MINES RD	LIVERMORE, CA 94550-9176	Close Match
JMC CELLARS, LLC	6800 GREENVILLE RD	LIVERMORE, CA 94550-6708	Full Match
BODEGAS AGUIRRE WINERY	8580 TESLA RD	LIVERMORE, CA 94550-9723	No Petition
NFINITY CELLARS	476 LINDBERGH AVE	LIVERMORE, CA 94551-9553	No Petition
DEL SOL VINEYARDS LLC	8626 LUPIN WAY	LIVERMORE, CA 94550-9716	No Petition

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
3 Steves Winery 5700 Greenville Rd Livermore	Steve Figanti

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Steve Figanti — Owner

Owner/Owner Representative Name (printed) — Title

[redacted] — 1/13/26

Owner/Owner Representative Signature — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	Business Owner
Darcie Kent Estate Winery 7777 Tesla Rd	Kent Family Estates David & Darcie Kent
Almost Famous Wine Co. 2271 Vasco Rd Suite D	11
Cheannon 4590 Tesla Rd	11

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Darcie T Kent — Owner
Owner/Owner Representative Name (printed) — Title

[redacted] — 1-13-2026
Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
McGrail Vineyards 5600 Greenville Rd. Livermore, CA 94550	Ginger + Heather McGrail

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Heather McGrail — President

Owner/Owner Representative Name (printed) — Title

[redacted] — 1/12/26

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Arroyo Cellars	John Chiprich
2270 Research Dr.	
Livermore CA 94550	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

John Chiprich — Owner/Owner Representative Name (printed)

Winemaker — Title

[redacted] — ture

1/13/2026 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
JMC Cellars 6800 Greenville Rd Livermore, CA 94550	Jessica Carroll

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Jessica Carroll — Owner/Owner Representative Name (printed)

Managing Member — Title

[redacted]

1/13/26 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
WOOD FAMILY VINEYARDS 2407 RESEARCH DR. LIVERMORE CA 94550	MICHAEL WOOD

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

MICHAEL WOOD — OWNER

Owner/Owner Representative Name (printed) — Title

[redacted] — 1.13.26

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Page Mill Winery	Dave Stark
1960 S. Livermore Ave	
Livermore, CA. 94550	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Dave Stark — Managing Member

Owner/Owner Representative Name (printed) — Title

[redacted]

Ow

1/13/2026

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Sakura Winery	Jennifer Sahara

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Jennifer Sahara — Owner

Owner/Owner Representative Name (printed) — Title

[redacted] — 1/13/2026

Ow — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
PROETT FARMS 5385 EAST AVE LIVERMORE, CA 94550	BOB PROETT

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

BOB PROETT — Owner
Owner/Owner Representative Name (printed) — Title

[redacted] — 10/13/26
Signature — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Cuda Ridge Wines	Larry Dino
~~5316~~ 2400 Arroyo Rd.	Marjorie Dino
Livermore, CA	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Larry Dino — Managing Partner
Owner/Owner's Representative Name (printed) — Title

[redacted]
Signature

1/13/26
Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Garre Vineyard & Winery 7986 Tesla Rd Livermore CA 94550	Gina M Cardera

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Gina M Cardera — Owner/Owner Representative Name (printed)

owner — Title

[redacted]

1/13/26 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Del Valle Winery 4948 Tesla Rd Livermore CA 94550	Gina M Cardera

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Gina M Cardera — Owner

Owner/Owner Representative Name (printed) — Title

[redacted] — 1/13/26

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Las Positas Vineyards	Brent Amos
1828 Vetmore Rd	
Livermore CA 94550	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Brent Amos — Owner/Owner Representative Name (printed)

Partner/GM — Title

[redacted] — Owner/Owner Representative Signature

1-13-20 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
dba- Rosa Fierro Cellars	Rosa M. Mangin
2245 S. Vasco Rd, Ste A	
Livermore, CA 94550	
Rosa Fierro Wine Company, LLC	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Rosa M. Mangin — Owner/Owner Representative Name (printed)

sole member — Title

[redacted]

1/13/26 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
THE STEVEN KENT WINERY	STEVEN MIRASSOU
2245 S. VASCO RD, STE C	
LIVERMORE, CA 94550	

The undersigned is the business owner or the authorized representative of the business owner and is the p[redacted]sign this petition.

Ow[redacted]d) Title Managing Partner

Owner/Owner Representative Signature Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Mitchell Katz Winery 2915 S Vasco Rd Livermore CA 94550	Wesley Katz

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Wesley Katz — Owner

Owner/Owner Representative Name (printed) — Title

[redacted] — 1/13/26

Signature — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Fenestra Winery	Lanny Replogle

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Robin Replogle — Owner/Owner Representative Name (printed)

Board Member — Title

[redacted]

1/13/26 — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Murrieta's Well 3005 Mines Rd. Livermore CA 94550	Wente Family

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

Karl D Wente — COO

Owner/Owner Representative Name (printed) — Title

[redacted]

01.13.2026

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
WENTE FAMILY VINEYARDS 5565 Tesla Rd Livermore CA 94550	WENTE FAMILY

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

KARL D WENTE — COO

O[redacted] — Title

01.13.2026

O[redacted] — Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	**Business Owner**
Concannon Vineyard	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

David B. Vet

Owner/Owner Representative Name (printed) Title

[redacted]

Own Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

PETITION TO THE CITY OF LIVERMORE
TO RENEW THE LIVERMORE VALLEY WINE HERITAGE DISTRICT

We petition you to initiate proceedings to renew the Livermore Valley Wine Heritage District (LVWHD) in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., for the purpose of providing services as described in the summary of the Management District Plan attached hereto as Exhibit A.

Business Establishment(s) & Address(es)	Business Owner
Almost Famous Wine LLC	

The undersigned is the business owner or the authorized representative of the business owner and is the person legally authorized and entitled to sign this petition.

David B. Vert
Owner/Owner Representative Name (printed)

Title

Owner/Ow[redacted]

Date

A complete copy of the Management District Plan will be furnished upon request. Requests for a complete copy of the Management District Plan should be made to:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980-3380

EXHIBIT B

2026-2031

LIVERMORE VALLEY WINE HERITAGE DISTRICT MANAGEMENT DISTRICT PLAN

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600 et seq.

January 13, 2026

CONTENTS

I. OVERVIEW 3

II. BACKGROUND 5

III. BOUNDARY 7

IV. ASSESSMENT BUDGET AND SERVICES 8

A. Annual Service Plan 8
B. Annual Budget 10
C. California Constitutional Compliance 10
D. Assessment 12
E. Penalties and Interest 13
F. Time and Manner for Collecting Assessments 13

V. GOVERNANCE 15

A. Owners' Association 15
B. Brown Act and California Public Records Act Compliance 15
C. Annual Report 15

APPENDIX 1 – LAW 16

APPENDIX 2 – ASSESSED BUSINESSES 28

I. OVERVIEW

Developed by Livermore Valley Winegrowers Association (LVWA), a non-profit organization, the Livermore Valley Wine Heritage District (LVWHD) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion and protection efforts with the goal to advance assessed businesses in the Livermore Valley Wine Country. This approach has been used successfully in other destination areas throughout the country to provide the benefit of driving increased business sales directly to payors. The LVWHD was initially created in 2021 for a five (5) year term. Livermore Valley wine businesses and LVWA now wish to renew the LVWHD for an additional five (5) year term.

Location: The renewed LVWHD includes all wineries, existing and in the future, located within the boundaries of the County of Alameda and the City of Livermore (City), as shown on the map in Section III.

Services: The LVWHD is designed to provide specific benefits directly to payors by providing Marketing & Brand Awareness, Advocacy, Quality Enhancement & Education, Professional Development & Education efforts and other improvements and activities set forth in this Management District Plan (Plan). LVWHD services will promote assessed wineries in the LVWHD with the goal of increasing winery sales revenue. These services shall be implemented and completed in concert with the LVWHD term.

Budget: The total LVWHD annual assessment budget for the initial renewal year of its five (5) year operation is anticipated to be approximately $550,000. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as sales do and as wineries open and close.

Cost: The annual assessment rate is two percent (2%) of gross direct to consumer sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. Revenue generated from the LVWHD is intended only to provide programs and services for assessed businesses, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to businesses paying the assessment.

Collection: The City or a third-party collection agency shall be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in the boundaries of the LVWHD. The City or the third-party collection agency shall take all reasonable efforts to collect the assessments from each winery.

Duration: The LVWHD will have a five (5) year life, beginning July 1, 2026. After five (5) years, the LVWHD may be renewed pursuant to the Property and Business Improvement

District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if assessed wineries support continuing the LVWHD programs.

Management: The LVWA shall continue to serve as the LVWHD Owners' Association to provide improvements and activities for the LVWHD. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide an annual report on activities and expenditures to the City, which is also available to business owners.

II. BACKGROUND

On November 22, 2021, the Livermore City Council (City Council) approved the establishment of the LVWHD and adopted the LVWHD Plan by City Council Resolution No. 2021-198 (Resolution of Formation). The LVWHD was approved for a five (5) year term, beginning July 1, 2021 through June 30, 2026.

Due to circumstances of the LVWHD formation process resulting in a delay in collection of assessments, the assessment could not begin until January 1, 2022. The Plan stipulates that although the five (5) year term begins July 1, 2021, the collection of assessments shall start January 1, 2022. The LVWHD term end date of June 30, 2026 remained unchanged. At the Livermore City Council hearing held on November 22, 2021, at which the Resolution of Formation (Reso 2021-198) was passed, the City Council reduced the original LVWHD boundaries to be conterminous with the City's jurisdiction boundary and portions of the County of Alameda. Therefore, the LVWHD assessment was only collected from the wineries within the reduced boundary.

On July 21, 2025, the LVWA requested the City to continue as the lead agency for the renewed LVWHD for a term of five (5) years beginning July 1, 2026 through June 30, 2031. The renewed LVWHD will derive assessment revenue not only from the assessment beginning July 1, 2026, but will also derive remaining revenues from the previous LVWHD term pursuant to § 36660 (b) of the 94 Law.

Wine Heritage Districts (WHDs) are an evolution of the traditional Business Improvement District (BID). BIDs utilize the efficiencies of private sector operation in the market-based promotion of business districts. BIDs allow business owners to organize their efforts to increase sales and promotional efforts. Business owners within the district fund a BID, and those funds are used to provide services that the businesses desire and benefit the businesses within the district.

Business Improvement District services may include, but are not limited to:

- Marketing of the District
- Business Promotion Activities
- Infrastructure Improvements

In California, BIDs are formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. *The key difference between BIDs and other special benefit assessment districts is that funds raised are managed by the private non-profit corporation governing the district.*

There are many benefits to Business Improvement Districts:

- Funds cannot be diverted for other government programs;
- Services are customized to fit the needs of each district;
- They allow for a wide range of services, including those listed above;

- Business Improvement Districts are ***designed, created and governed by those who will pay*** the assessment; and

- They provide a stable funding source for business promotion.

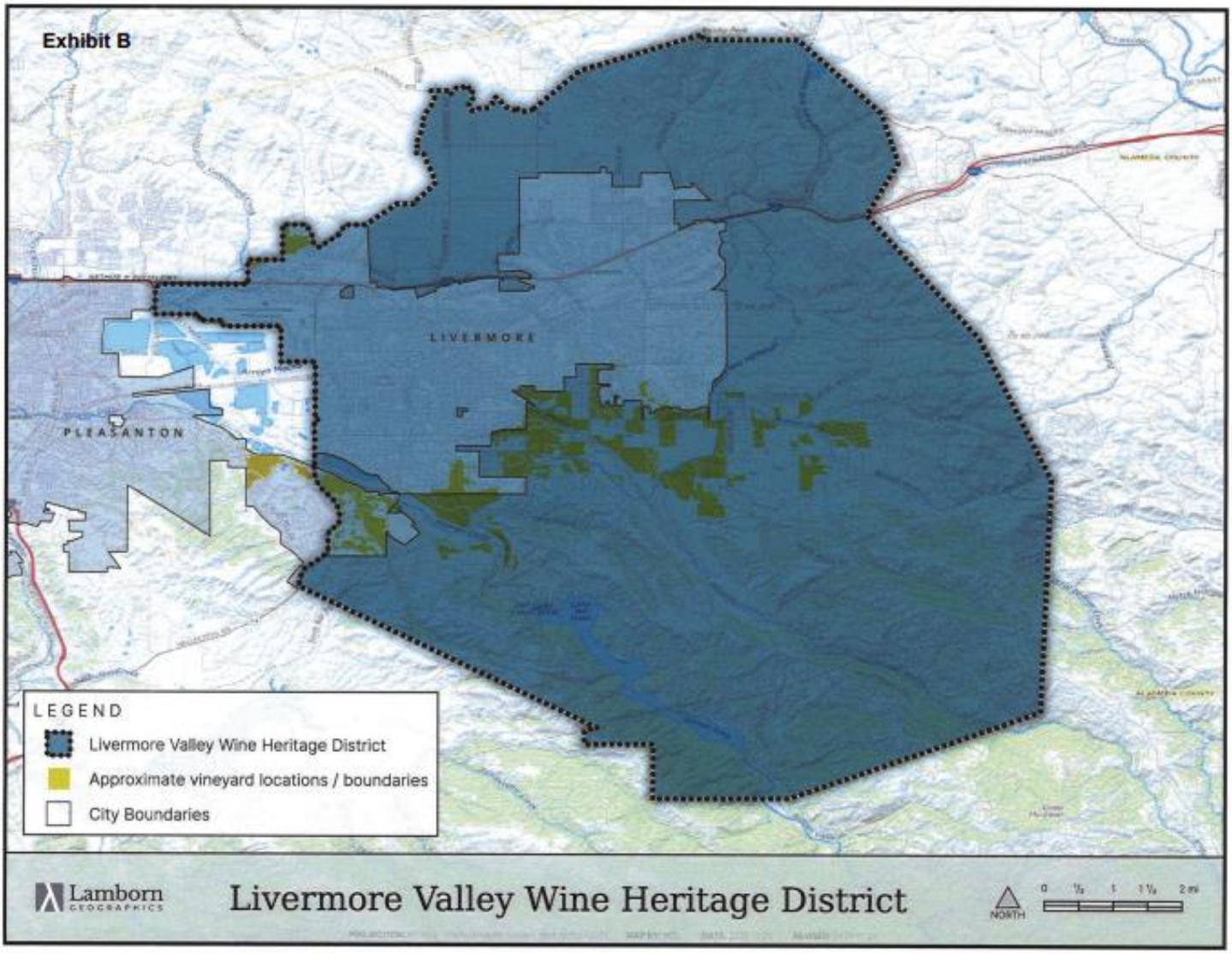
The 94 Law is provided in Appendix 1 of this document.

III. BOUNDARY

The LVWHD will include all wineries, existing and in the future, within the boundaries of portions of the County of Alameda and the City of Livermore, as shown on the map below.

The term "winery" as used herein means: A business that is commercial growing and/or processing of wine grapes; and/or must have a valid state license and/or federal permit to process or sell wine at retail locations within the boundaries of the LVWHD.

A complete listing of wineries within the LVWHD as of December 9, 2025 can be found in Appendix 2. A map of the LVWHD boundaries is shown below.

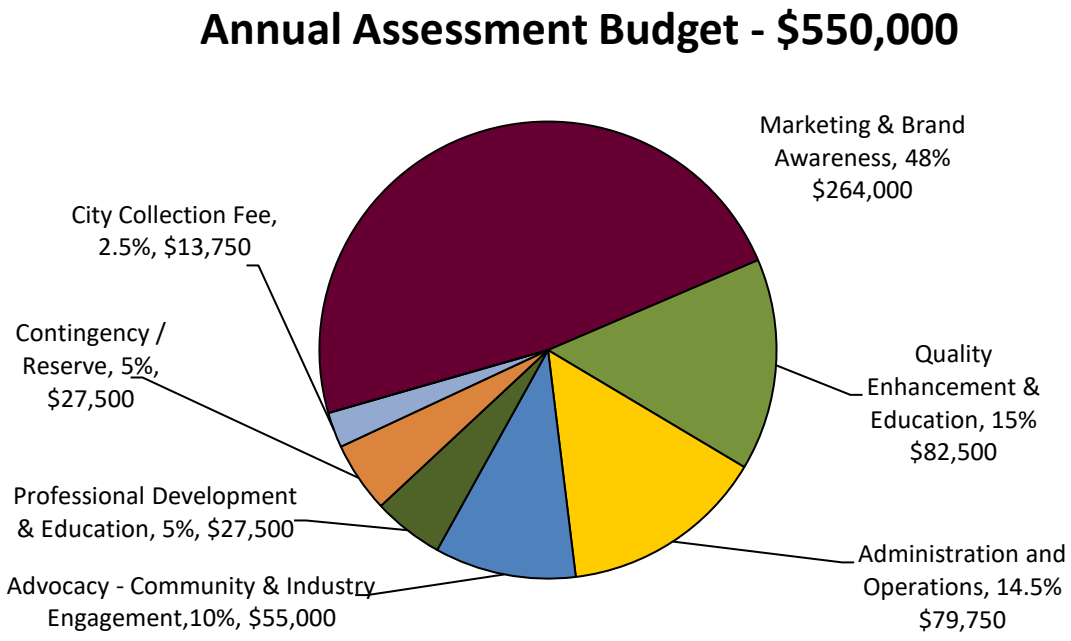


IV. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the LVWHD funds are Marketing & Brand Awareness, Advocacy, Quality Enhancement & Education, and Professional Development & Education programs (collectively, the "Services") available only to assessed businesses.

A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget will be developed and approved by LVWA. The table below illustrates the initial annual assessment budget allocations. The total initial assessment budget is $550,000.00.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the assessment budget shall remain the same. However, the City and the LVWA board shall have the authority to adjust budget allocations between the categories by no more than twenty percent (20%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the LVWHD, any and all assessment funds may be used for the costs of defending the LVWHD.

Each budget category includes all costs related to providing that service. For example, the Marketing & Brand Awareness budget includes the cost of staff time dedicated to overseeing and implementing the Marketing & Brand Awareness program. Staff time dedicated purely to administrative tasks is allocated to the Administration and Operations portion of the budget. The costs of an individual staff

member may be allocated to multiple budget categories. The staffing levels necessary to provide the services below will be determined by the LVWA board on an as-needed basis.

Marketing & Brand Awareness
A Marketing & Brand Awareness program will promote the LVWHD as a premium winegrowing region and as a leader in the global wine community. The Marketing & Brand Awareness program will have a central theme of promoting the LVWHD as a desirable place to experience Livermore Valley wineries, and as a desirable area to purchase wines and other estate produced products. The program has the goal of increasing demand for visitation to the winegrowing region, retail sales, affinity for LVWHD grapes and wines, and recognition at and for assessed businesses, and may include but is not limited to the following activities:

- **Advertising** across any and all media channels to promote assessed winery tasting rooms on a local, regional or national level, including but not limited to: digital, print, television, radio and strategic brand partnerships;
- **Media Relations** – Promoting assessed winery tasting rooms through development of media relations strategies, including but not limited to: media familiarization tours, proactive media pitching and/or influencer relations;
- **Digital Marketing** – Utilizing paid, earned and owned social media to increase awareness of and engagement with assessed businesses;
- **Events** – Developing and executing winery focused special events to attract customers to assessed businesses;
- **Trade & Industry Engagement** – Ensuring representatives are provided the opportunity to attend trade shows, meetings, industry conferences, road shows, and events to promote assessed businesses; Create programs that engage key trade and industry influencers with the Livermore Valley;
- **Print Collateral** – Preparing and producing collateral, promotional materials such as brochures, flyers and maps for assessed winery tasting rooms;
- **Brand Enhancement** – Engage with third party brand development agency to develop brand platform and materials to assist with marketing assessed winery hospitality facilities;
- **Consumer Analytics** – Identify and leverage consumer demographic, geographic and psychographic data to target messaging that markets Livermore Valley as a premier, unique wine destination to attract customers to assessed winery hospitality facilities; and
- **Signage Program** – Ensure coordinated local signage for the Livermore Valley wine region.

Advocacy – Community & Industry Engagement
Advocacy programs will utilize dedicated time to provide unified attention, communication, and responsiveness throughout the LVWHD. The Advocacy program will also include efforts to form relationships and collaborate with local government agencies, as well as community and regional organizations and entities, to provide a unified voice to represent assessed wine tasting facilities' best interests on topics related to economic development, regulations, and planning decisions that impact LVWHD wine tasting facilities, with the goal to advance, promote and protect the Livermore Valley Wine Country. Additionally, Advocacy programs will engage and demonstrate leadership in key state and national trade and industry programs and organizations.

Quality Enhancement & Education
Quality Enhancement & Education programs will be developed for assessed wine tasting facilities designed to emphasize and enhance excellence and leadership in the industry, with the ultimate goal of increasing visitation, sales, and brand value for local wineries. Such programs are intended to bring

increased exposure and prominence to Livermore Valley Wine Country as a world-class winery destination through continued education to amplify exceptional practices of the growing of wine grapes and vinification of wine. The program shall include initiatives and engage experts to enhance wine quality and secure industry recognition for Livermore Valley Wine Country as a premier winemaking and grape-growing region.

Professional Development & Education
Programs and training for assessed winery facilities related to winemaking, wine grape growing, sales, hospitality, direct to consumer, marketing, media interviews, business operations and best practices.

Administration and Operations
The Administration and Operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy, and other general administrative costs such as insurance, legal, and accounting fees.

A certified public accountant may complete an agreed-upon procedure of the Owners' Association's allocation of LVWHD funds and usage in accordance with the terms and conditions of the plan, at the City's discretion. An audit may be performed by the City, or the City may hire an independent audit firm The cost of an audit will be paid with LVWHD revenue. LVWA will reimburse the City for any costs incurred directly attributable to conducting an audit.

City Collection Fee
The City of Livermore shall be paid a fee equal to two and a half percent (2.5%) of the amount of assessment collected to cover its costs of collection and administration. In the event that the City's costs of collection and administration exceeds two percent (2%) of the amount of assessments collected, the City will notify the LVWHD of such increased costs and the LVWA board shall consider an adjustment of the budget allocation and fee or Contingency/Reserve funds may be used.

Contingency / Reserve
The budget includes a contingency line item to account for lower than anticipated assessments. If there are contingency funds collected, they may be held in a reserve fund or utilized for other programs, administration, additional costs of collecting the LVWHD assessment or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Owners' Association. Contingency/reserve funds may be spent on District programs or administrative and renewal costs in such proportions as determined by the Owners' Association. The reserve fund may be used for the costs of renewing the LVWHD.

B. Annual Budget

The total five (5) year assessment budget is projected at approximately $550,000 annually, or $2,750,000.00, through 2031. This amount may fluctuate as businesses open and close and winery sales change.

C. California Constitutional Compliance

The LVWHD assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term 'assessments' to levies on real property.[1] Rather, the LVWHD assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions.

[1] *Howard Jarvis Taxpayers Association v. City of San Diego (1999)* 72 Cal App. 4th 230

Two of these exceptions apply to the LVWHD, a "specific benefit" and a "specific government service." Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, "a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege."[2] The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the LVWHD. The activities described in this Plan are specifically targeted to increase sales for assessed wineries within the boundaries of the LVWHD, and are narrowly tailored. LVWHD funds will be used exclusively to provide the specific benefit of Services directly to payors. Assessment funds shall not be used to feature non-assessed wineries in LVWHD programs, or to directly generate sales for non-assessed wineries. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed wineries.

The assessment imposed by this LVWHD is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors are the Services, which will be provided only to wineries paying the district assessment, with marketing & brand awareness, advocacy, and quality enhancement & education efforts promoting wineries paying the LVWHD assessment. The Services will be designed to increase sales revenue at each assessed winery. Because they are necessary to provide the Services that specifically benefit the assessed wineries, the administration and contingency services also provide the specific benefit of increased sales revenue to the wineries.

Although the LVWHD, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, "A specific benefit is not excluded from classification as a 'specific benefit' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor."[3]

2. Specific Government Service

The assessment may also be utilized to provide, "a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."[4] The legislature has recognized that marketing and promotions services like those to be provided by the LVWHD are government services within the meaning of Proposition 26[5]. Further, the legislature has determined that "a specific government service is not excluded from classification as a 'specific government service' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor."[6]

[2] Cal. Const. art XIII C § 1(e)(1)
[3] Government Code § 53758(a)
[4] Cal. Const. art XIII C § 1(e)(2)
[5] Government Code § 53758(b)
[6] Government Code § 53758(b)

3. Reasonable Cost

LVWHD services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the LVWA, and reports submitted on an annual basis to the City. Only assessed wineries will be featured in marketing materials, receive sales leads generated from LVWHD-funded activities, be featured in advertising campaigns, and benefit from other LVWHD-funded services. Non-assessed wineries will not receive these, nor any other, LVWHD-funded services and benefits.

D. Assessment

The annual assessment rate is two percent (2%) of gross direct-to-consumer sales revenue of assessed wineries. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. Revenue generated from the LVWHD is intended only to provide programs and services for assessed businesses, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to business paying the assessment.

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the businesses within the LVWHD with costs allocated based on the proportional benefit conferred to each business. Activities funded by the LVWHD are specifically targeted to increase sales revenue at assessed businesses. All winery sales do not represent the same benefit to the payors. For example, a higher priced winery is of greater benefit than a lower priced winery because the assessee derives greater revenue. To account for this benefit differential and to make sure the benefits are proportional, an assessment formula based on percentage of revenue has been selected. The percentage of revenue method of assessment accurately reflects greater benefit to assessed businesses with higher priced winery sales, with greater benefit associated with wineries generating larger sums of revenue.

The term "gross direct-to-consumer sales revenue" as used herein means: the consideration charged by wineries, for all direct-to-consumer sales of wine, wine club shipments (whether shipped or picked up), ticket sales, tasting fees, tours and private and public special events, merchandise, prepared and packaged foods for on-premise or off-premise consumption (whether sold in a tasting room or a stand-alone restaurant on- premise), orders placed via telemarketing, telephone, online, email, whether carried out at the time of purchase, shipped or picked up at a later date (pre-sales). Gross direct-to-consumer sales revenue shall not include any federal, state or local taxes collected, including but not limited to sales and use taxes.

The assessment is levied upon and a direct obligation of the assessed winery. However, the assessed winery may, at its discretion, pass the assessment on to customers. The amount of assessment, if passed on to each customer, shall be disclosed in advance and separately stated from the amount charged and any other applicable taxes, and each customer shall receive a receipt for payment from the business. If the LVWHD assessment is identified separately it shall be disclosed as the "LVWHD Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed winery even if it is passed on to customers. The assessment shall not be considered revenue for any purpose, including calculation of sales taxes. The California Department of Tax and Fee Administration (CDTFA) issued a written opinion that state sales tax applies to the revenue generated from business improvement district (BID) assessments on items where state sales tax is levied. In light of CDTFA's

opinion, businesses that pay both state sales tax and LVWHD assessments on sales are advised to collect sales tax on the assessment revenue.

Bonds shall not be issued.

E. Penalties and Interest

The LVWHD shall reimburse the City for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent LVWHD assessment are sought to be recovered in the same collection action by the City, the LVWHD shall bear its pro rata share of such collection costs.

If a winery fails to remit any assessment imposed by this Plan within the time required, the City shall contact the winery to inquire about the delinquency and encourage prompt filing. If a winery remains delinquent for one (1) quarter, the penalties described below shall be applied, and the City shall issue a certified letter requesting immediate reporting and payment.

Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency*
   Any winery that fails to remit any assessment imposed by this Plan within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.
2. *30-Day Delinquency*
   Any winery that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the assessment in addition to the assessment and the ten percent (10%) penalty first imposed.
3. *Continued Delinquency*
   If the winery remains delinquent for two (2) consecutive quarters, LVWA shall issue a certified letter directing the winery to file the required reports and remit payment. Until such filing and payment are confirmed, the winery shall be removed from LVWA's website and shall not be eligible to participate in LVWHD programs, events, or benefits. The winery shall also be required to pay all outstanding assessments, together with any accrued late fees, penalties, and fines.
4. *Fraud*
   If the City or third-party collection agency determines that the nonpayment of any remittance due under this article is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in paragraph one (1) and two (2) above of this section.
5. *Interest*
   In addition to the penalties imposed, any winery who fails to remit any assessment imposed by this section shall pay interest at the rate of one-quarter of one percent (0.25%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

F. Time and Manner for Collecting Assessments

The LVWHD assessment renewal will be implemented beginning July 1, 2026 and continue for five (5) years to end on June 30, 2031. The City or a third-party collection agency will be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in each jurisdiction within the LVWHD. The City or a third-party collection agency

shall take all reasonable efforts to collect the assessments from each winery. The City or a third-party collection agency shall forward the assessments collected to the Owners' Association.

V. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the LVWHD as defined in Streets and Highways Code §36612. The City Council has determined that LVWA will continue to serve as the Owners' Association for the LVWHD.

Pursuant to Section 36612 of the Property and Business Improvement District Law of 1994, the City and LVWA shall enter into an agreement authorizing LVWA to administer and implement the improvements, maintenance, and activities described in this Plan. The agreement shall outline the respective roles, responsibilities, and reporting requirements of the City and LVWA to ensure compliance with applicable laws and the intent of this Plan.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the LVWA board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote of abstention on that action of each member present for the action. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Annual Report

The LVWA shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

CURRENT THROUGH CH. 790 OF THE LEGISLATION FROM THE 2025-2026 REGULAR SESSION, EFFECTIVE AS OF OCTOBER 13, 2025

STREETS AND HIGHWAYS CODE
DIVISION 18. PARKING
PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

(a) Businesses located and operating within business districts in some of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.

(d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.

(e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:

(1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.

(2) Job creation.

(3) Business attraction.

(4) Business retention.

(5) Economic growth.

(6) New investments.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature's guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those

special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.
(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. "Activities"

"Activities" means, but is not limited to, all of the following that benefit businesses or real property in the district:
(a) Promotion of public events.
(b) Furnishing of music in any public place.
(c) Promotion of tourism within the district.
(d) Marketing and economic development, including retail retention and recruitment.
(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
(f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. "Clerk"

"Clerk" means the clerk of the legislative body.

36609.5. "General benefit"

"General benefit" means, for purposes of a property-based district, any benefit that is not a "special benefit" as defined in Section 36615.5.

36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

(a) Parking facilities.
(b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
(c) Trash receptacles and public restrooms.
(d) Lighting and heating facilities.
(e) Decorations.
(f) Parks.
(g) Fountains.
(h) Planting areas.
(i) Closing, opening, widening, or narrowing of existing streets.
(j) Facilities or equipment, or both, to enhance security of persons and property within the district.
(k) Ramps, sidewalks, plazas, and pedestrian malls.
(l) Rehabilitation or removal of existing structures.

36611. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

36612. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36614.6. "Property-based assessment"

"Property-based assessment" means any assessment made pursuant to this part upon real property.

36614.7. "Property-based district"

"Property-based district" means any district in which a city levies a property-based assessment.

36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. "Special benefit"

(a) "Special benefit" means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

(b) "Special benefit" also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
(1) A map showing the boundaries of the district.
(2) Information specifying where the complete management district plan can be obtained.
(3) Information specifying that the complete management district plan shall be furnished upon request.
(c) The resolution of intention described in subdivision (a) shall contain all of the following:
(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:
(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
(b) The name of the proposed district.
(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities

and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.
(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.
(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against their property or business. The plan also shall state whether bonds will be issued to finance improvements.
(g) The time and manner of collecting the assessments.
(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.
(i) The proposed time for implementation and completion of the management district plan.
(j) Any proposed rules and regulations to be applicable to the district.
(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.
(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.
(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.
(m) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.
(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be

mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the

district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.
(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:
(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

36638. Assessment as government imposed fee on Civ C § 1770 transaction

(a) A business assessment pursuant to this part is a fee imposed by a government on the transaction for purposes of paragraph (29) of subdivision (a) of Section 1770 of the Civil Code.
(b) This section shall become operative on July 1, 2024.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.
(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.
(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.
(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
(2) The improvements, maintenance, and activities to be provided for that fiscal year.
(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.
The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of

assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.
(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES*

3 STEVES WINERY	LONGEVITY WINES
ALMOST FAMOUS WINE COMPANY	MCGRAIL VINEYARDS AND WINERY
ARROYO CELLARS	MITCHELL KATZ
BENT CREEK WINERY	MURRIETAS WELL
BOAVENTURA DE CAIRES WINERY	OCCASIO WINERY
BODEGAS AGUIRRE	OMEGA ROAD WINERY & CELLARS
CADDIS WINES	PAGE MILL WINERY
CONCANNON VINEYARD	PRUETT FARMS
CUDA RIDGE WINES	RETZLAFF VINEYARDS
DANTE ROBERE VINEYARDS	RIOS LOVELL WINERY
DARCIE KENT VINEYARDS	RODRIGUE MOLYNEAUX WINERY
DEL VALLE WINERY	ROSA FIERRO CELLARS
EHRENBERG CELLARS	SAKURA WINERY
FAVALORA VINEYARDS & WINERY, INC	SHANTI WINERY
FENESTRA WINERY	STEVEN KENT WINERY
GARRE VINEYARD & WINERY	TENUTA VINEYARD
JMC CELLARS	TESLA VINTNERS
LAS POSITAS VINEYARDS	WENTE VINEYARDS
LEISURE STREET WINERY	WOOD FAMILY VINEYARDS

* Jurisdiction list as of December 9, 2025. The list was developed with the most reliable information provided; however, the list may contain discrepancies. This list shall include any future to-be opened businesses. Any business that may have been missed in this list, but is still within the boundaries of the LVWHD, shall also be subject to assessment.

NOTICE OF PUBLIC MEETING AND PUBLIC HEARING CONCERNING THE RENEWAL OF THE LIVERMORE VALLEY WINE HERITAGE DISTRICT (DISTRICT) AND LEVY OF AN ASSESSMENT ON CERTAIN WINERIES WITHIN THE DISTRICT

NOTICE IS HEREBY GIVEN that on March 9, 2026, the City Council of the City of Livermore (City) adopted a Resolution of Intention to renew the Livermore Valley Wine Heritage District (District) and to levy an assessment on certain wineries within the District as set forth in the Resolution of Intention.

NOTICE IS HEREBY FURTHER GIVEN that at 7:00 PM, or as soon thereafter as may be heard, on April 27, 2026, at the City Council Chamber, 1016 S. Livermore Avenue, Livermore, CA 94550, a public meeting shall be held pursuant to Government Code section 54954.6 to allow public testimony regarding the renewal of the District and the levy of assessments therein as set forth in the Resolution of Intention.

NOTICE IS HEREBY FURTHER GIVEN that 7:00 PM, or as soon thereafter as may be heard, on June 8, 2026, at the City Council Chamber, 1016 S. Livermore Avenue, Livermore, CA 94550, has been set as the time and place for a public hearing at which time the City Council proposes to renew the District and to levy the proposed assessment as set forth in the Resolution of Intention.

Location: The renewed District includes all wineries, existing and in the future, located within the boundaries of the County of Alameda and the City of Livermore (City), as shown on the map in Section III of the Management District Plan (Plan).

Services: The District is designed to provide specific benefits directly to payors by providing Marketing & Brand Awareness, Advocacy, Quality Enhancement & Education, Professional Development & Education efforts and other improvements and activities set forth in the Management District Plan (Plan). District services will promote assessed wineries in the District with the goal of increasing winery sales revenue. These services shall be implemented and completed in concert with the District term.

Budget: The total District annual assessment budget for the initial renewal year of its five (5) year operation is anticipated to be approximately $550,000. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as sales do and as wineries open and close.

Cost: The annual assessment rate is two percent (2%) of gross direct to consumer sales revenue on winery sales. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. Revenue generated from the District is intended only to provide programs and services for assessed businesses, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit. Assessment dollars will not be spent on any programs or activities to benefit

individual winery businesses outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Livermore Valley as a premier winery destination with the desired outcome of increased in-person visitation to businesses paying the assessment.

Collection: The City or a third-party collection agency shall be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each winery located in the boundaries of the District. The City or the third-party collection agency shall take all reasonable efforts to collect the assessments from each winery.

Duration: The District will have a five (5) year life, beginning July 1, 2026. After five (5) years, the District may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if assessed wineries support continuing the District programs.

Management: The Livermore Valley Winegrowers Association (Winegrowers) shall continue to serve as the District Owners' Association to provide improvements and activities for the District. The Owners' Association is charged with managing funds and implementing programs in accordance with the Plan and must provide an annual report on activities and expenditures to the City, which is also available to business owners.

Protest: Any owner of a winery business within the renewed District that will be subject to the assessment may protest the renewal of the District. If written protests are received from the owners of winery businesses in the renewed District who represent fifty percent (50%) or more of the estimated annual assessments to be levied, the District shall not be renewed and the assessment shall not be imposed.

Written protest may be sent to:

Office of the City Clerk
City of Livermore
1052 S. Livermore Avenue
Livermore, CA 94550
cityclerk@livermoreca.gov

You may also appear at the public meeting or hearing and submit a written protest at that time.

Information: Should you desire additional information about this proposed District renewal or assessment contact:

Brandi Lombardi, Executive Director
Livermore Valley Wine Community
3585 Greenville Road, Suite 4
Livermore, CA 94550
(925) 980 – 3380

Theresa de la Vega, Business Engagement Lead
City of Livermore
Innovation and Economic Development Department
1052 S. Livermore Avenue
Livermore, CA 94550
(925) 960-4049

LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 7.1**

DATE: March 9, 2026

TO: Honorable Mayor and City Council

FROM: Tina Olson, Administrative Services Director

SUBJECT: Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and resolution for the reissuance and amendment to bond documents for the financing of the 250-unit multifamily rental housing project known as Heritage Estates

RECOMMENDED ACTION

Staff recommends the City Council conduct a public hearing regarding the reissuance of Multifamily Housing Revenue Refunding Bonds by the City, as housing successor to the former Redevelopment Agency of the City of Livermore in a principal amount not-to-exceed $26,000,000 (Bonds) for the purpose of refinancing the acquisition and construction of the 250-unit multifamily rental housing project located at 850 and 900 East Stanley Boulevard and known as Heritage Estates. Staff recommends the City Council adopt a resolution approving the reissuance of the Bonds, the amendment of the documents relating to the Bonds, and other related agreements and actions.

DECISION TYPE

Administrative

SUMMARY

The Redevelopment Agency of the City of Livermore (Former Agency) previously issued bonds and loaned the proceeds to the developer of the Heritage Estates project, a 250-unit multifamily rental housing project of which 103 units are restricted to low-income tenants. To avoid a mandatory redemption of the bonds, certain amendments are proposed to the bond documents. The consent of the City, as housing successor to the Former Agency, is necessary to effectuate the amendments. Additionally, for the bonds to continue to be tax-exempt after the amendments, a TEFRA hearing and approval is required.

DISCUSSION

Background.

In 2005, the Former Agency was the conduit issuer of $29,800,000 original principal amount of tax-

exempt Multifamily Housing Revenue Refunding Bonds (Heritage Estates) 2005 Series A (2005 Bonds), which refunded prior bonds of the Former Agency that provided financing for the acquisition and construction by Livermore Senior Living Associates, LP (Borrower) of the 250-unit multifamily rental housing project known as Heritage Estates (Project). The 2005 Bonds are secured by a senior lien on the Project. Redevelopment agencies in California were dissolved by state law in 2012 and the housing functions of the Former Agency were assumed by the City. As such, the City is the successor conduit issuer of the 2005 Bonds. As conduit issuer, neither the City nor the Former Agency are liable for the payment of the 2005 Bonds. All payments on the 2005 Bonds are the responsibility of the Borrower.

The Former Agency also made two subordinate loans of its own funds to the Borrower to provide additional financing for the Project: (1) a subordinate loan known as the “$800,000 Loan” (also known as the "2002 City Loan") for the original principal amount thereof and (2) a subordinate loan known as the “Additional Subsidy Loan” (also known as the "2007 City Loan"). The “$800,000 Loan” provides for capitalized interest at 10% for the first 17 years and at 5% for years 18-57. If the Project maintains the required affordability levels throughout the term, then the additional interest from years 18-57 is forgiven and the loan is due at year 57, i.e., in 2059. With capitalized interest, the current outstanding principal of the “$800,000 Loan” is approximately $4,291,387. The “Additional Subsidy Loan” paid no principal or interest for the first 10 years and then began amortizing over the following 10 years. The Borrower prepaid the “Additional Subsidy Loan” on February 25, 2026. The “$800,000 Loan” is secured by a lien on the Project that is junior to the senior lien that secures the 2005 Bonds, pursuant to a subordination agreement entered into by the Former Agency. Provided there is no event of default under the 2005 Bonds, the subordination agreement allows the “$800,000 Loan” to be paid according to its terms.

Proposed Refinancing.

The Borrower has been notified by the current bondholder that the 2005 Bonds must be redeemed by March 31, 2026. The Borrower has elected to exercise its right under the Trust Indenture dated as of November 1, 2005, and related to the 2005 Bonds (Indenture) to have the 2005 Bonds be purchased by a new bondholder in lieu of being redeemed.

In connection with this purchase in lieu of redemption, Mizuho Capital Markets LLC, the proposed new bondholder (Mizuho), and the Borrower have proposed to amend the 2005 Bonds to, among other things, extend the maturity thereof to May 1, 2049, and change the interest rate applicable to the 2005 Bonds. These amendments to the Indenture and the Loan Agreement under which the bond proceeds were loaned to the Borrower (Loan Agreement) will be evidenced by First Supplemental Trust Indenture and Amendment to Bond Documents (Supplemental Indenture).

As conduit issuer, the City’s consent is necessary to approve the Supplemental Indenture, and the resolution approves the form of Supplemental Indenture.

Bond counsel has also advised that these amendments to the Indenture and Loan Agreement result in a “reissuance” of the 2005 Bonds for federal tax purposes, with the amended Bonds being deemed reissued to refund the 2005 Bonds. For the reissued Bonds to continue to be tax-exempt, the TEFRA hearing must be held to receive public comment and thereafter, the City Council must provide its approval of the reissuance of the Bonds. The resolution provides for this TEFRA approval.

Mizuho and the Borrower also propose to enter into a “Total Return Swap” (Swap), which contains two elements: (1) an exchange of fixed and floating interest rates and (2) an exchange of capital appreciation

or depreciation on the reissued Bonds over the term of the Swap (Termination Payment). The Borrower's obligations under the Swap will be secured by a lien on the Project, which the Borrower and Mizuho have requested be senior to the lien of the "$800,000 Loan" but junior to the lien of the reissued Bonds. This would require the City to sign new subordination agreements, in substantially the same form as the existing subordination agreements, to ensure the $800,000 Loan is junior to both the reissued Bonds and the Swap. The Borrower has prepaid the "Additional Subsidy Loan," ahead of its scheduled maturity this year, which avoids the necessity for further subordination agreements related to the "Additional Subsidy Loan."

The Swap does not create additional debt for borrowed money but does create additional payment obligations by the Borrower in the form of the interest rate swap payments and the Termination Payment. However, the Borrower has indicated that the Swap will not increase their total liability because any Termination Payment under the Swap could be netted against the ability to repurchase the Bonds at a lower price. For example, if the Bonds declined in value to 95% of their principal amount, the Borrower would owe Mizuho 5% as a Termination Payment on the Swap, but the Borrower would then repurchase the Bonds at their 95% price, keeping the Borrower's liability to 100% of the principal amount of the Bonds.

If this transaction is not approved or otherwise does not occur and the Borrower is unable to find an alternative refinancing source, the 2005 Bonds will be in default on March 31, 2026. The City is not liable on the 2005 Bonds and will not be liable on the reissued Bonds.

FISCAL AND ADMINISTRATIVE IMPACTS

The reissuance of the Bonds and the amendment of the bond documents do not result in a financial impact or an obligation to the General Fund. Bond repayment will be derived from project revenue and will be the sole responsibility of the Borrower.

The "$800,000 Loan" is reported in the governmental Housing Successor Special Revenue Fund. The "Additional Subsidy Loan" was repaid on February 25, 2026. The "$800,000 Loan" will remain outstanding and will be subordinate to the reissued Bonds and the Swap.

All costs of the reissuance of the Bonds, including publication costs for the TEFRA hearing and the fee of bond counsel, will be paid by the Borrower.

COMMUNITY PILLAR

5: A City that Works

GOAL

17: Ensure effective use of public resources

ATTACHMENTS

1. Resolution
2. Exhibit A - First Supplemental Trust Indenture - Heritage Estates

3. Exhibit B - Heritage Estates - Subordination and Intercreditor Agreement (Bonds - $800k Loan)
4. Exhibit C - Heritage Estates - Subordination and Intercreditor Agreement (Swap - $800k Loan)

Prepared by: Erik Peterson
Finance Manager

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION APPROVING A FIRST SUPPLEMENTAL TRUST INDENTURE AND AMENDMENT TO BOND DOCUMENTS; APPROVING SUBORDINATION AGREEMENTS RELATING THERETO; APPROVING, FOR PURPOSES OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THE REISSUANCE OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS BY THE CITY OF LIVERMORE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $26,000,000; AND OTHER MATTERS RELATING THERETO

WHEREAS, the City of Livermore (the "City") is a general law city organized under the Constitution and the laws of the State of California;

WHEREAS, the Redevelopment Agency of the City of Livermore (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Redevelopment Law");

WHEREAS, the Redevelopment Law authorized the Former Agency to (a) to make loans to provide financing and/or refinancing for multifamily rental housing located within the City, and intended to be occupied by persons of low and/or very low income, as determined by the Former Agency; (b) to issue its revenue refunding bonds for the purpose of obtaining moneys to make such loans and provide such refinancing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Former Agency from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds;

WHEREAS, Assembly Bill x1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

WHEREAS, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Dissolution Act, the City has become the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, pursuant to Section 34176 of the Dissolution Act, the City elected to retain the responsibility for performing housing function previously performed by the Former

Agency, and, as of February 1, 2012, all rights, powers, duties, obligations, and housing assets, excluding any amounts then on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the Successor Agency were transferred to the City;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued, among other bonds, its Multifamily Housing Revenue Bonds (Heritage Estates) 2005 Series A (the "2005 Series A Bonds") in the original aggregate principal amount of $29,800,000, and its Multifamily Housing Revenue Bonds (Heritage Estates) 2005 Series A-T (the "2005 Series A-T Bonds") in the original aggregate principal amount of $5,000,000, pursuant to that certain Trust Indenture (the "Original Indenture"), dated November 1, 2005, between the Former Agency, as issuer, and U.S. Bank Trust Company, National Association, as successor to Union Bank of California, N.A., (the "Trustee");

WHEREAS, the proceeds of the 2005 Series A Bonds and the 2005 Series A-T Bonds were used to make a loan (the "Loan") to Livermore Senior Living Associates, L.P., a California limited partnership (the "Borrower"), pursuant to that certain Loan Agreement, between the Former Agency and the Borrower, dated as of November 1, 2005 (the "Loan Agreement") for the purpose of refinancing the acquisition and construction of a multifamily rental housing development, located in the City, known as Heritage Estates (the "Project");

WHEREAS, by virtue of the City's election pursuant to Section 34176 of the Dissolution Act to retain the housing functions of the Former Agency, the City is the successor "Issuer" under the Original Indenture and Loan Agreement;

WHEREAS, the City is authorized pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (commencing with Section 52075) (the "Housing Act") to issue revenue bonds as provided in the Housing Act for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing;

WHEREAS, the 2005 Series A-T Bonds have been repaid and redeemed in full and are no longer outstanding;

WHEREAS, the 2005 Series A Bonds are currently outstanding in the principal amount of $25,999,390;

WHEREAS, the 2005 Series A Bonds are limited obligations of the City, the principal of, premium, if any, and interest on which are payable solely from the pledged receipts or from any other moneys made available to the City for such purpose under the Indenture;

WHEREAS, the Borrower has notified the City that it wishes to modify certain material terms of the Loan and the 2005 Series A Bonds, consisting generally of modifying the

interest rate and extending the maturity date of the Loan and 2005 Series A Bonds, and such modifications are expected to result in a reissuance of the 2005 Series A Bonds pursuant to Treasury Regulation §1.1001-3;

WHEREAS, there has been presented to the City a form of First Supplement Trust Indenture and Amendment to Bond Documents (the "Supplemental Indenture") by and among the City, the Trustee, the Borrower, and Mizuho Capital Markets LLC ("Mizuho"), as purchaser of the 2005 Series A Bonds, and the City wishes at this time to approve the form of and authorize the execution and delivery of the Supplemental Indenture;

WHEREAS, the Former Agency made two loans to the Borrower, evidenced by promissory notes dated November 25, 2002 (the "2002 City Loan") and June 1, 2007 (the "2007 City Loan"), the 2002 City Loan is expected to remain outstanding after the execution of the Supplemental Indenture, and the Borrower prepaid the 2007 City Loan on February 25, 2026;

WHEREAS, there has been presented to the City forms of Subordination and Intercreditor Agreement (collectively, the "Subordination Agreements") providing for the subordination of the 2002 Loan to each of the 2005 Series A Bonds and the documents evidencing a swap to be entered into between the Borrower and Mizuho (the "Swap");

WHEREAS, the interest on the 2005 Series A Bonds, as amended by the Supplemental Indenture, may qualify for federal tax exemption under the Internal Revenue Code of 1986, as amended (the "Code"), only if the 2005 Series A Bonds are approved in accordance with the Section 147(f) of the Code;

WHEREAS, the City Council of the City is the elected legislative body of the City and is the applicable elected representative authorized to approve the reissuance of the 2005 Series A Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Livermore, as follows:

Section 1. The City finds and determines that the above referenced recitals are true and correct and material to this Resolution.

Section 2. The City hereby authorizes and approves the reissuance for federal tax purposes of the 2005 Series A Bonds, with appropriate modifications and series and sub-series designations as necessary, in the aggregate principal amount not to exceed $26,000,000.

Section 3. The City hereby approves Supplemental Indenture. The City Manager or a designee appointed by such officer (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver the Supplemental Indenture for and in the name and

on behalf of the City, as housing successor to the Former Agency, in substantially the form presented to the City Council attached hereto as Exhibit A, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Supplemental Indenture. The City hereby authorizes the delivery and performance of its obligations under the Supplemental Indenture.

Section 4. The City hereby approves the Subordination Agreements. Any Authorized Officer is hereby authorized and directed to execute and deliver the Subordination Agreement for and in the name and on behalf of the City, as housing successor to the Former Agency, in substantially the forms presented to the City Council attached hereto as Exhibits B and C, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Subordination Agreements. The City hereby authorizes the delivery and performance of its obligations under the Subordination Agreements.

Section 5. The City Council, as the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, hereby approves the plan of financing and the execution and delivery of its multifamily housing revenue bonds in one or more series, pursuant to and for purposes of Section 147(f) of the Code. It is intended that this Resolution constitute approval of the 2005 Series A Bonds by the applicable elected representative of the issuer of the 2005 Series A Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) of the Code.

Section 6. The City hereby approves the engagement of Jones Hall LLP, as bond counsel.

Section 7. The Authorized Officers and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable, in their discretion, to effectuate the actions that the City has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the City other than with respect to pledged receipts or from any other moneys made available to the City for such purpose under the Indenture.

Section 8. This Resolution shall take effect upon its adoption by this Council.

On motion of Council Member _____, seconded by Council Member _____, the foregoing resolution was passed and adopted on March 9, 2026 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
Amy Heavener
City Clerk

APPROVED AS TO FORM:

/s/ Tara Mazzanti
Tara Mazzanti
Senior Assistant City Atttorney

Exhibit A - First Supplemental Trust Indenture – Heritage Estates
Exhibit B - Heritage Estates – Subordination and Intercreditor Agreement (Bonds - $800K Loan)
Exhibit C - Heritage Estates – Subordination and Intercreditor Agreement (Swap - $800K Loan)

FIRST SUPPLEMENTAL TRUST INDENTURE AND AMENDMENT TO BOND DOCUMENTS

By and among

CITY OF LIVERMORE,
as Issuer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

LIVERMORE SENIOR LIVING ASSOCIATES, LP,
as Borrower

and

MIZUHO CAPITAL MARKETS LLC,
as Sole Bondholder and Bondholder Representative

Dated as of March [12], 2026

relating to:

$29,800,000
Original Principal Amount
Redevelopment Agency of the City of Livermore
Multifamily Housing Revenue Refunding Bonds
(Heritage Estates) 2005 Series A

FIRST SUPPLEMENTAL TRUST INDENTURE AND AMENDMENT TO BOND DOCUMENTS

THIS FIRST SUPPLEMENTAL TRUST INDENTURE AND AMENDMENT TO BOND DOCUMENTS (this "Supplemental Indenture"), made and entered into and dated as of March [12], 2026 (the "Effective Date"), by and among the CITY OF LIVERMORE, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, LIVERMORE SENIOR LIVING ASSOCIATES, LP, a California limited partnership (the "Borrower"), and MIZUHO CAPITAL MARKETS LLC, as sole Bondholder and Bondholder Representative, supplementing that certain Trust Indenture (the "Original Indenture" and as amended and supplemented by this Supplemental Indenture and as further supplemented, modified or amended from time to time, the "Indenture"), dated November 1, 2005, between the Redevelopment Agency of the City of Livermore, as issuer, and Union Bank of California, N.A., as original trustee (the "Original Trustee"), and relating to the City's Multifamily Housing Revenue Bonds (Heritage Estates) 2005 Series A (the "Tax-Exempt Bonds"), and its Multifamily Housing Revenue Bonds (Heritage Estates) 2005 Series A-T (the "Taxable Bonds"),

W I T N E S S E T H:

WHEREAS, the Redevelopment Agency of the City of Livermore (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Redevelopment Law");

WHEREAS, the Redevelopment Law authorized the Former Agency to (a) to make loans to provide financing and/or refinancing for multifamily rental housing located within the City of Livermore, California (the "City"), and intended to be occupied by persons of low and/or very low income, as determined by the Former Agency; (b) to issue its revenue refunding bonds for the purpose of obtaining moneys to make such loans and provide such refinancing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Former Agency from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds;

WHEREAS, Assembly Bill x1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

WHEREAS, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Dissolution Act, the City has become the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, pursuant to Section 34176 of the Dissolution Act, the City elected to retain the responsibility for performing housing function previously performed by the Former Agency, and, as of February 1, 2012, all rights, powers, duties, obligations, and housing assets, excluding any amounts then on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the Successor Agency were transferred to the City;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued, among other bonds, the Tax-Exempt Bonds and the Taxable Bonds;

WHEREAS, U.S. Bank Trust Company, National Association, as successor to the Original Trustee (the "Trustee"), has succeeded to the rights and obligations of the Original Trustee under the Original Indenture;

WHEREAS, in accordance with that certain Loan Agreement, between the Former Agency and the Borrower, dated as of November 1, 2005 (as amended, restated, and/or supplemented from time to time, the "Loan Agreement"), the Former Agency made a loan (the "Loan") to the Borrower to refinance the acquisition and construction of a multifamily rental housing development, located in City of Livermore, California, known as Heritage Estates (the "Project"); and

WHEREAS, as evidence of its repayment obligations under the Loan Agreement, the Borrower executed a Multifamily Note (Tax Exempt), dated as of November 1, 2005, in the original principal amount of $29,800,000, to the order of the Former Agency (the "Original Tax Exempt Note") and a Multifamily Note (Taxable), dated as of November 1, 2005, in the original principal amount of $5,000,000, to the order of the Former Agency (the "Taxable Note");

WHEREAS, the Taxable Bonds have been repaid and redeemed in full and are no longer outstanding and the Taxable Note has been repaid in full and is no longer outstanding;

WHEREAS, the Tax-Exempt Bonds are currently outstanding in the principal amount of $[25,927,450];

WHEREAS, on [_____], 2026, pursuant to Section 6.1 of the Indenture, the Borrower delivered Written Notice to the Trustee and Federal Home Loan Mortgage Corporation, as the then-current Bondholder Representative, of its intent to prepay the Original Tax Exempt Note pursuant to Section 2.11 of the Loan Agreement and cause the optional redemption of the Tax-Exempt Bonds on March [12], 2026;

WHEREAS, on [_____], 2026, pursuant to Section 6.8 of the Indenture, the Borrower delivered to the Trustee a Written Notice specifying that the Tax-Exempt Bonds would not be redeemed, but instead would be subject to purchase in lieu of redemption pursuant to such section;

WHEREAS, on March [12], 2026, Mizuho Capital Markets LLC purchased the Tax-Exempt Bonds, and became the sole Bondholder and the Bondholder Representative;

WHEREAS, the parties hereto desire to modify the Bond Documents pursuant to the terms and conditions of this Supplemental Indenture effective on the Effective Date;

NOW, THEREFORE**,** in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties do hereby agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by reference and are part of this Supplemental Indenture. The Borrower hereby represents and warrants that the recitals are true, accurate and correct as of the date hereof.

2. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

3. Effective Date. The amendments herein shall be effective on the Effective Date.

4. Omnibus Amendments.

a. References to Bond Documents. All references in each of the Bond Documents to any one or more of the other Bond Documents are hereby amended to refer to such other Bond Documents, as amended hereby and as further amended, restated and/or supplemented from time to time.

b. Notice Provisions. The notice provision of each Bond Document is hereby amended by striking, as applicable, each notice address for the Issuer, the Trustee, the Borrower, the Bondholder Representative, and the Servicer and replacing it with the following:

If to the Issuer:	City of Livermore 1052 South Livermore Avenue Livermore, CA 94450 Attention: Finance Manager Telephone: (925) 960-4325
If to the Trustee:	U.S. Bank Trust Company, National Association One California Street, 26th Floor San Francisco, CA 94111 Telephone: (415) 774-2273 Email: Sonia.flores@usbank.com And: mainyua.yang@usbank.com
If to the Borrower:	Livermore Senior Living Associates, L.P. c/o Klein Financial Corp. 550 California Avenue, Suite 330 Palo Alto, CA 94306 Attention: President Telephone: (650) 833-0100
With a copy to:	Callahan Livermore Senior Living Associates, LLC c/o Callahan Property Company 5674 Stonebridge Drive, Suite 212 Pleasanton, CA 94588 Attention: President Telephone: (925) 463-9205

If to the Bondholder Representative:	Mizuho Capital Markets LLC 1271 Avenue of the Americas New York, NY 10020 Attention: Legal Telephone: [_____] Email: [____] [to be confirmed]
If to the Servicer:	Mizuho Capital Markets LLC 1271 Avenue of the Americas New York, NY 10020 Attention: Legal Telephone: [_____] Email: [____] [to be confirmed]

5. Specific Amendments.

a. Additional Definitions. The following definitions are added to Section 1.1(h) of the Indenture in applicable alphabetical order.

"Calculation Period" means each period beginning on and including a Wednesday and ending on and including the earlier of (i) the next following Tuesday, or (ii) the Maturity Date.

"First Supplemental Trust Indenture" means that certain First Supplemental Trust Indenture and Amendment to Bond Documents, dated as of March [12], 2026, by and among the Issuer, Trustee, Borrower, and Mizuho Capital Markets LLC.

"Floating Rate" means with respect to each Calculation Period, that rate of interest per annum calculated with respect to such Calculation Period pursuant to Section 4.1(f)(i) of this Indenture.

"Floating Rate Determination Date" means, with respect to any Calculation Period, the day on which such Calculation Period begins or, in the event that such day is not a Business Day, the next following Business Day, except as may otherwise be set forth herein.

"Floating Rate Period" means the period from and including the effective date of the First Supplemental Trust Indenture to and including the date of maturity of the Bonds.

"SIFMA Index Rate" shall mean a rate determined on the basis of the seven-day high grade market index tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA (formerly The Bond Markets Association) or any Person acing in cooperation with or under the sponsorship of SIFMA and acceptable to the Bondholder Representative, plus a spread of [____] percent ([___]); provided, however, that in no event shall the SIFMA Index Rate exceed the Maximum Rate.

b. Amended Definitions. The definitions of "Authorized Denomination", "Authorized Issuer Representative," "Beneficial Owner", "Bond Coupon Rate", "Bondholder" or "Holder or "Owner", "Bondholder Representative," "Borrower Payment Obligations," "DTC Participant", "Indexing Agent," "Indirect Participant", "Issuer," "Maturity Date", "Note", "Rebate Analyst", "Rebate Analyst's Fee," "Register", "Tax Certificate", and "Third Party Fees," in Section 1.1(h) of the Indenture are amended to read, respectively, as follows:

"Authorized Denomination" shall mean $1,000,000 or the outstanding principal amount of the Bonds, if less.

"Authorized Issuer Representative" shall mean the Mayor, City Manager, Administrative Services Director, Finance Manager, and City Attorney of the Issuer, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor, City Manager, Administrative Services Director, Finance Manager, or City Attorney and contains the specimen signature of such other officer or employee of the Issuer.

"Beneficial Owner" means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a DTC Participant or an Indirect Participant on the records of such Securities Depository, DTC Participant or Indirect Participant, as the case may be, or such Person's subrogee.

"Bond Coupon Rate" shall mean the Floating Rate.

"Bondholder" or "Holder" or "Owner" or words of similar import, when used with reference to the Bonds, means the registered owner or owners or Beneficial Owner or Beneficial Owners of the Bonds, as applicable

"Bondholder Representative" shall mean the Person or Persons who are designated by a Majority of Holders to act on behalf of the Bondholders as provided in Section 15.5 of this Indenture, provided that Mizuho Capital Markets LLC shall be the initial Bondholder Representative.

"Borrower Payment Obligations" shall mean all payment obligations of the Borrower under the Note, the Loan Agreement, the Loan Documents and each of the other Bond Documents, including, but not limited to, the Monthly Loan Payments and the Additional Payments.

"DTC Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

"Indexing Agent" shall mean the indexing agent, which may be the Bondholder Representative, appointed from time to time, by the Bondholder Representative to determine the Floating Rate for each Calculation Period during the Floating Rate Period in accordance with the provisions of this Indenture. The initial Indexing Agent shall be the Bondholder Representative.

"Indirect Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a DTC Participant.

"Issuer" shall mean the City of Livermore, a general law city organized and existing under the laws of the State of California, as successor to the Redevelopment Agency of the City of Livermore, and its successors and assigns

"Maturity Date" shall mean May 1, 2049 with respect to the Tax-Exempt Bonds, and November 1, 2020, with respect to the Taxable Bonds.

"Note" shall mean the Amended and Restated Multifamily Note (Tax Exempt), dated as of November 1, 2005 in the original principal amount of $29,800,000, and amended and restated on March [12], 2026, executed by the Borrower in favor of the Issuer, as assigned to the Trustee, as it may be further amended, supplemented or replaced from time to time, the form of which is attached to the Supplemental Indenture as Exhibit B.

"Note Coupon Rate" shall mean the rate of interest to be paid on the Note, which shall at all times equal the Bond Coupon Rate.

"Rebate Analyst" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or other firm or financial institution experienced in making the arbitrage and rebate calculations required pursuant to section 148 of the Code selected by and at the expense of the Borrower to make the computations required under the Indenture and the Loan Agreement."

"Rebate Analyst's Fee" shall mean the annual fee or other fees of the Rebate Analyst.

"Register" means the register of the record Owners of Bonds maintained by the Trustee.

"Tax Certificate" shall mean the Certificate As To Arbitrage, dated the Closing Date, executed and delivered by the Issuer and the Borrower, together with the Certificate Regarding Use of Proceeds, dated the Closing Date, executed and delivered by the Borrower, as supplemented by the Certificate As To Arbitrage, dated March [12], 2026, executed and delivered by the Issuer and the Borrower, together with the Certificate Regarding Use of Proceeds, dated March [12], 2026, executed and delivered by the Borrower.

"Third Party Fees" shall mean the Issuer's Fee, the Trustee's Fee and the Rebate Analyst's Fee.

c. Section 4.1(f)(i) of the Indenture is deleted and replaced with the following:

"(i) Tax-Exempt Bonds

During the Floating Rate Period, the Bonds shall bear interest at a variable rate equal to the Floating Rate. The Floating Rate for each Calculation Period shall be calculated by the Indexing Agent on the Floating Rate

Determination Date with respect to such Calculation Period. The Floating Rate for each Calculation Period shall be the SIFMA Index Rate for such period. The Indexing Agent shall give immediate notice to the Trustee, the Issuer and the Borrower of the Floating Rate on each Floating Rate Determination Date. In no event shall the Initial Floating Rate exceed the Maximum Rate.

In the event that the Indexing Agent fails to determine and notify the Trustee of the Floating Rate for any Calculation Period as required above, then the Floating Rate for such Calculation Period shall be the Floating Rate in effect for the immediately preceding Calculation Period.

The Floating Rate for each Calculation Period, determined by the Indexing Agent, pursuant to this Section 4.1(f)(i), shall be conclusive and binding upon the Issuer, the Trustee, the Borrower, and the Bondholders.

During the Floating Rate Period, the interest rate shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed in the period for which such interest is payable."

d. Section 4.3(a) of the Indenture is amended by replacing the term "Chairperson" with "Executive Director".

e. Section 4.5 of the Indenture is deleted and replaced with the following:

"Section 4.5. Registration; Transfer and Exchange.

(a) The Register and all other records relating to the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

(b) Any Holder of a Bond, in person or by his or her duly authorized attorney, may transfer title to his or her Bond on the Register upon surrender thereof at the principal office of the Trustee, by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's attorney, duly authorized in writing, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations. The Bonds (including any interest of a DTC Participant or Indirect Participant in the Bonds) may only be transferred to (i) an "accredited investor" as that term is defined in paragraphs (1), (2),(3), or (7) of Rule 501 of Regulation D under the Securities Act of 1933 or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act of 1933 (such "accredited investor" or "qualified institutional buyer" referred to as a "Qualified Investor") or (ii) a custodial or trust entity or arrangement, each of the beneficial owners of which are required to be Qualified Investors. A transferee shall deliver an Investor Letter in the form attached hereto as Exhibit F, unless the transfer of the Bonds (1) to a custodial or trust entity or arrangement, each of the beneficial owners of

which are required to be Qualified Investors, or (2) to an Affiliate of the initial purchaser that is a Qualified Investor.

(c) Bonds may be exchanged upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

(d) Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Issuer shall be paid by the Borrower.

(e) The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal, premium, if any, or interest shall be made only to or upon the order of the registered owner thereof or his or her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f) All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

(g) Notwithstanding the foregoing, for so long as the Bonds are held under the Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository, as more fully described in Section 4.9 hereof."

f. Section 4.9 of the Indenture is deleted and replaced with the following:

"Section 4.9. Book-Entry System.

(a) One Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody or in the custody of the Trustee if the Bonds are held in the DTC Fast System. The Book-Entry System will be maintained by the Securities Depository and the DTC Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with

registration of transfers of ownership effected on the records of the Securities Depository, the DTC Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the DTC Participants and the Indirect Participants. The principal of, premium, if any, and interest on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Bond or his or her registered assigns or legal representative at the principal office of the Trustee. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes. Transfer of, premium, if any, principal and interest payments or notices to DTC Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal of, premium, if any, and interest payments or notices to Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the DTC Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of, premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Trustee or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

(b) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds, or (ii) the Borrower, on behalf of the Issuer, with the consent of the Trustee and the Bondholder Representative, elects to remove the Securities Depository, then the Borrower, on behalf of the Issuer, with the consent of the Trustee and the Bondholder Representative, may appoint a new Securities Depository.

(c) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Borrower fails to appoint a new Securities Depository, or (ii) the Bondholder Representative or the Borrower, with the consent of the Trustee and the Bondholder Representative, determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners, the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners."

g. Section 4.10 of the Indenture is deleted and replaced with the following:

"[Reserved]"

h. Article V of the Indenture is deleted and replaced with the following:

"[Reserved]"

i. The first sentence of Section 6.1 of the Indenture is deleted and replaced with the following:

> "The Bonds are subject to optional redemption in whole, on any date on or after ____ 1, 2027 upon prepayment of the Note by the Borrower pursuant to Section 2.11 of the Loan Agreement."

j. Section 6.6 of the Indenture is deleted and replaced with the following:

> "[Reserved]"

k. Section 6.7 of the Indenture is deleted and replaced with the following and all provisions related to mandatory redemption from excess revenues in the Indenture and Loan Agreement are deleted in their entirety.

> "[Reserved]"

l. Section 6.8 of the Indenture is amended by deleting the last sentence thereof.

m. Section 8.9 of the Indenture is deleted and replaced with the following:

> "So long as there are no deficiencies in any fund in Section 8.4 of the Indenture, the Trustee shall disperse all amount on deposit in the Surplus Fund to the Borrower."

n. Section 8.19 of the Indenture is deleted and replaced with the following:

> "[Reserved]"

o. Exhibit F of the Indenture is deleted and replaced with the form of Investor Letter attached hereto as Exhibit C.

p. Exhibit M of the Indenture is deleted and replaced with the following:

> "[Reserved]"

q. Section 2.3 of the Loan Agreement is amended by deleting the penultimate sentence thereof and replacing it with the following:

> "The Note shall bear interest on the unpaid principal balance thereof at the Note Coupon Rate."

r. Section 2.11 of the Loan Agreement is amended by deleting the second paragraph thereof and replacing it with the following:

> "In connection with any such proposed prepayment, the Borrower shall deposit Eligible Funds with the Trustee by 10:00 a.m., Trustee local time, not less than one (1) day prior to the date of prepayment at a prepayment price equal to the outstanding principal balance of the Note, plus interest on the Note to the date of prepayment and the amount of any Prepayment Premium payable under the Note, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of all the Bonds and payment of all amounts

due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 6.1 of the Indenture with respect to the optional redemption of all Bonds Outstanding. If the Bonds are not then callable, the prepayment price set forth above shall be calculated pursuant to the Indenture."

s. Section 5.17 of the Loan Agreement is amended by deleting clause (iv) from the last paragraph thereof.

t. Section 8.1(a) of the Loan Agreement is deleted and replaced with the following:

"(a) failure by the Borrower to pay (i) any Monthly Loan Payment on the date such payment is due or (ii) any Additional Payment within five (5) days after the date such payment is due;"

u. The following Section 10.32 is hereby added to the Loan Agreement:

"10.32. The Borrower shall, not in excess of ten (10) Business Days after the occurrence of the following event, provide notice of the following event to the Electronic Municipal Market Access system for municipal securities disclosures operated by the Municipal Securities Rulemaking Board, which can currently be accessed at emma.msrb.org.:

(a) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds."

6. Replacement Bond. Upon the effectiveness of this Supplemental Indenture, the Issuer shall deliver, and the Trustee is directed to authenticate, a replacement Tax-Exempt Bond in the form attached hereto as Exhibit A.

7. Replacement Note. Upon the effectiveness of this Supplemental Indenture, the Borrower shall execute a replacement multifamily note in the form attached hereto as Exhibit B.

8. Investor Letter. Upon the effectiveness of this Supplemental Indenture, Mizuho will deliver an Investor Letter in the form attached hereto as Exhibit C.

9. No Transfer of Project. The Borrower represents and covenants that it has not and will not transfer ownership of the Project during the one-year period beginning six months before any date on which the Bonds will be treated as retired and reissued unless such transfer is approved in an opinion of bond counsel.

10. Ratification; Waiver. Except as expressly amended by this Supplemental Indenture, all terms and provisions of the Indenture and Loan Agreement shall remain in full force and effect. Except as amended hereby, the parties hereto hereby ratify and reaffirm all of the terms and conditions of the Bond Documents. Any parties to this Supplemental Indenture entitled to notice or consent rights under Sections 6.10, 13.2, 13.7, and 13.9 of the Indenture hereby waive such rights but only with respect to this Supplemental Indenture and the matters contemplated hereby.

11. Full Force and Effect. Except as expressly amended pursuant to this Supplemental Indenture, all of the terms and conditions of the Indenture and Loan Agreement are and shall remain in full force and effect.

12. Direction to Trustee. By their execution of this Supplemental Indenture, the other parties hereto direct the Trustee to enter into this Supplemental Indenture.

13. Governing Law. This Supplemental Indenture shall be governed by and enforced in accordance with the laws of the State of California, without giving effect to the choice of law principles of the State of California that would require the application of the laws of a jurisdiction other than the State of California.

14. Severability. The invalidity, illegality or unenforceability of any provision of this Supplemental Indenture shall not affect the validity, legality or enforceability of any other provision of this Supplemental Indenture, and all other provisions shall remain in full force and effect.

15. Successors and Assigns. This Supplemental Indenture shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

16. Counterparts. This Supplemental Indenture may be executed in two or more counterparts, each of which shall constitute an original but taken together shall constitute one agreement.

17. Conflict. If any of the provisions of this Supplemental Indenture directly conflict with or contradict any other provision of the Bond Documents, this Supplemental Indenture shall control.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has duly executed and delivered this Supplemental Indenture or caused this Supplemental Indenture to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intend that this Supplemental Indenture shall be deemed to be signed and delivered as a sealed instrument.

BONDHOLDER AND BONDHOLDER REPRESENTATIVE:

MIZUHO CAPITAL MARKETS LLC,
a Delaware limited liability company

By: Mizuho Securities USA LLC, in its capacity as manager

By:_____
Name:
Title:

[signatures continue on following page]

TRUSTEE:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

[signatures continue on following page]

BORROWER:

LIVERMORE SENIOR LIVING ASSOCIATES, LP, a California limited partnership

By: Casa Major Inc., its Managing General Partner, a California nonprofit public benefit corporation

By: _____
William Hirsch, its President

By: Livermore Senior Housing Associates, LLC a California limited liability company, its Administrative General Partner

By: BT Livermore Associates, L.P., a California limited partnership, its Development and Finance Manager

By: BT Livermore Associates, Inc., a California corporation, its General Partner

By:_____
Robert N. Klein, President

By: Callahan Livermore Senior Housing, LP a California limited partnership, its Development and Construction Manager

By: Callahan Property Company, Inc., a California corporation, its General Partner

By:_____
Joseph W. Callahan, Jr., President

[signatures continue on following page]

ISSUER:

CITY OF LIVERMORE, as the Issuer

By: _____

EXHIBIT A

FORM OF REPLACEMENT TAX-EXEMPT BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS SET FORTH HEREIN AND BY THE TERMS OF THE INDENTURE DESCRIBED HEREIN, INCLUDING THE REQUIREMENT TO DELIVER AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

REDEVELOPMENT AGENCY OF THE CITY OF LIVERMORE
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(HERITAGE ESTATES)
2005 SERIES A

No. RA-[5]

DATED DATE:	November 17, 2005
BOND REPLACEMENT DATE:	March [12], 2026
MATURITY DATE:	May 1, 2049
INTEREST RATE:	Floating Rate as defined in the Indenture
REGISTERED OWNER:	CEDE & CO.
PRINCIPAL AMOUNT:	_____ DOLLARS ($_____)
CUSIP:	53819P AF 1

This Bond is issued and delivered as of the Bond Replacement Date set forth above in exchange for that certain Bond of the same series and subseries designation, originally issued on the Dated Date and in the Principal Amount set forth above, and numbered "R-1." Said original Bond is deemed canceled and surrendered by its registered owner simultaneously with the issuance and delivery of this replacement Bond. This replacement Bond represents the same indebtedness as the original Bond for which it is exchanged.

The City of Livermore (the "Issuer"), as housing successor to the Redevelopment Agency of the City of Livermore, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on the first calendar day of each month, commencing January 1, 2006, to the person whose name appears on the registration books as

of the day next preceding any Bond Payment Date (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture.

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of U.S. Bank Trust Company, National Association, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be computed on the basis of a 360-day year, comprised of twelve 30 day months, for the actual number of days elapsed. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

"Bond Coupon Rate" shall mean the Floating Rate.

This Bond is one of an issue of duly authorized Redevelopment Agency of the City of Livermore Multifamily Housing Revenue Refunding Bonds (Heritage Estates) 2005 Series A issued in the original aggregate principal amount of $29,800,000 (the "Bonds"), pursuant to the provisions of Chapter 8 of Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended and all future acts supplemental thereto or amendatory thereof. Concurrently with the issuance of the Tax-Exempt Bonds, the Issuer issued its Taxable Multifamily Housing Revenue Refunding Bonds (Heritage Estates) 2005 Series A-T (the "Taxable Bonds").

The proceeds from the Bonds and the Taxable Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of November 1, 2005 (the "Loan Agreement"), between the Issuer and the Borrower, to finance the acquisition and rehabilitation of a multifamily residential facility (the "Project"). The Borrower's payment obligations under the Loan Agreement will be evidenced by one or more promissory notes (the "Note"). The Note will be secured by the Mortgage.

The Bonds and the Taxable Bonds are issued under and are equally and ratably secured by a Trust Indenture, dated as of November 1, 2005 (the "Indenture"), as amended and supplemented, between the Issuer and the Trustee, including as amended and supplemented by that certain First Supplemental Indenture and Amendment to Bond Documents, dated as of March [12], 2026, by and among the Issuer, the Trustee, the Borrower, and the Bondholder and Bondholder Representative.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among

others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF PURSUANT TO THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OFTHE CITY OF LIVERMORE OR THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND PURCHASE PRICE OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER OR THE STATE OF CALIFORNIA.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Bondholder Representative as provided in the Indenture and authorizes the Bondholder Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the State to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal

liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Authorized Issuer Representative.

CITY OF LIVERMORE

By:_____
[NAME, TITLE]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____, 20__

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By:_____
Authorized Signatory

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:_____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

EXHIBIT B

AMENDED AND RESTATED
MULTIFAMILY NOTE
(TAX EXEMPT)

$29,800,000.00 Original Principal Amount
$_____, principal amount outstanding on March __, 2026

Dated As of November 1, 2005 and Amended and Restated on March ___, 2026

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of the **CITY OF LIVERMORE** (SUCCESSOR TO REDEVELOPMENT AGENCY OF THE CITY OF LIVERMORE) the principal sum of TWENTY-NINE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS ($29,800,00.00), with interest on the unpaid principal balance from time to time outstanding at the annual rate set forth below.

1. Defined Terms. As used in this Note, (i) the term "Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, interest on, and any other amounts due at any time under, this Note, the Security Instrument (as defined herein) or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instrument as described in Section 12 of the Security Instrument. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Security Instrument.

2. Address for Payment. All payments due under this Note shall be payable to the Servicer, or, if there is no Servicer, to the corporate trust office of U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee under the Trust Indenture dated as of November 1, 2005, as amended and supplemented by the First Supplemental Trust Indenture and Amendment to Bond Documents, dated as of March __, 2025 (together, the "Indenture"), or its successor, or at such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. Payment of Principal and Interest. Principal and interest shall be paid as follows:

(a) From _____ 1, 2026, monthly payments of interest only on the principal balance hereof at the Note Coupon Rate and continuing on the 1st day of each month thereafter until and including the Maturity Date. Interest under this Note shall be computed as set forth in the Indenture.

(b) Any accrued interest remaining past due for 30 days or more may, at Lender's discretion, be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest that has not become part of the unpaid principal balance. Any remaining principal and interest shall be due and payable on the Maturity Date. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(c) Any regularly scheduled monthly installment of interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(d) Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisement laws.

(e) The entire principal amount of the Note shall be repaid on the Maturity Date.

4. Application of Payments. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. Security. The Indebtedness is secured by, among other things, that certain Multifamily Fee and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of November 1, 2005 (the "Security Instrument"), and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance.

7. Late Charge. If any monthly amount payable under this Note or under the Security Instrument or any other Loan Document is not received by Lender within ten (10) days after the amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted). Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "Loan"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. Default Rate. So long as (a) any monthly installment under this Note remains past due for thirty (30) days or more, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "Default Rate") equal to the lesser of four percentage points (4.0%) above the applicable interest rate hereunder or the maximum interest rate that may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment under this Note is delinquent for more than 30 days, Lender will incur additional costs and

expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for more than thirty (30) days or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by Lender (the "Losses") as a result of (1) failure of Borrower to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence; (2) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument; (3) any failure of Borrower to comply with Section 14(b)(12) or (b)(13), 14(d) or (e) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports; (4) fraud or material misrepresentation by Borrower or Guarantor or any general partner, managing member, manager, officer, director, partner, member, agent or employee of Borrower or Guarantor in connection with the application for or creation of the indebtedness or any request for any action or consent by Lender or Bondholder Representative; or (5) any failure by Borrower to cause the renewal, continuation, extension or maintenance of all Licenses required to legally operate the Mortgaged Property as a congregate care and assisted living facility.

(c) For purposes of determining Borrower's personal liability under Section 9(b) all payments made by Borrower or any guarantor of this Note with respect to the indebtedness and all amounts received by Lender from the enforcement of its rights under the Security Instrument shall be applied first to the portion of the indebtedness for which Borrower has no personal liability.

(d) Borrower shall become personally liable to Lender for the repayment of all of the indebtedness upon the occurrence of any of the following Events of Default: (1) Borrower's acquisition of any property or operation of any business not permitted by Section 33 of the Security Instrument; (2) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 21 of the Security Instrument, other than a Transfer consisting

solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; (3) any of the interest payable on the Series A Bonds is deemed included in any bondholder's gross income for federal income tax purposes as a result of any act or omission by Borrower or its agents or employees; or (4) any failure by Borrower to comply with the provisions of Sections 59, 60(b), 60(c), 6l(a) or 62 of the Security Instrument.

(e) In addition to any personal liability for the indebtedness, Borrower shall be personally liable to Lender for (1) the performance of all of Borrower's obligations under Sections 18 and 51 of the Security Instrument (relating to environmental matters) and the Agreement of Environmental Indemnification dated as of November 1, 2005; (2) the costs of any audit under Section 14(d) of the Security Instrument ; and (3) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including out of pocket expenses and reasonable fees of attorneys and expert witnesses and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(f) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. For purposes of this Section 9, the term "Mortgaged Property" shall not include any funds that (1) have been applied by Borrower as required or permitted by the Security Instrument prior to the occurrence of an Event of Default or (2) Borrower was unable to apply a& required or permitted by the Security Instrument because of a bankruptcy, receivership, or similar judicial proceeding. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

(g) There shall be no personal liability for any non-profit that is a general partner of Borrower.

10. Voluntary Prepayments.

(a) Commencing on and after March __, 2027, Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Bond Payment Date if Borrower has given Lender at least thirty (30) days prior notice of its intention to make such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest and (C) all other sums due Lender at the time of such prepayment. For all purposes including the accrual of interest, any prepayment received by Lender on any day other than a Bond Payment Date shall be deemed to have been received on such Bond Payment Date. For purposes of this Note, a "Business Day" means any day other than a Saturday, Sunday or any other day on which Lender is not open for business. Borrower shall not have the option to voluntarily prepay less than all of the unpaid principal balance of this Note.

(b) Upon Lender's exercise of any right of acceleration. under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, all accrued interest and all other sums due Lender.

(c) Borrower further acknowledges that the lock-out period for making a voluntary prepayment and the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the lock-out period.

11. Costs and Expenses. To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including, without limitation, out-of-pocket expenses and reasonable fees of attorneys (including, without limitation, in-house attorneys) and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents; including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding. For purposes of Section 9(e) and this Section 11, attorney's out of pocket expenses shall include, but are not limited to, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses.

12. Forbearance. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. Waivers. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. Loan Charges. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

15. Commercial Purpose. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household or agricultural purposes.

16. Counting of Days. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. Governing Law. This Note shall be governed by the law of the jurisdiction in which the Land is located.

18. Captions. The captions of the sections of this Note are for convenience only and shall be disregarded in construing this Note.

19. Notices; Written Modifications. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument. Any modification or amendment to this Note shall be ineffective unless in writing signed by the party sought to be charged with such modification or amendment.

20. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the jurisdiction in which the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

21. WAIVER OF TRIAL BY JURY. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, BORROWER AND LENDER (EXCEPT WHEN ISSUER IS THE LENDER) EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WANER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

22. Payments on Non-Business Day. If the date for the making of any payment under this Note is not a Business Day, such payment shall be due and payable on the next succeeding Business Day

23. Waiver of Civil Code Section 2822(a). If any Guarantor is liable for only a portion of the Indebtedness, Borrower hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that shall be satisfied by Borrower's partial payment.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has caused this Multifamily Note to be signed and delivered by its duly authorized representatives as of the date first set forth above.

BORROWER:

LIVERMORE SENIOR LIVING ASSOCIATES, LP, a California limited partnership

By: Casa Major Inc., its Managing General Partner, a California nonprofit public benefit corporation

By: _____
William Hirsch, its President

By: Livermore Senior Housing Associates, LLC
a California limited liability company, its Administrative General Partner

By: BT Livermore Associates, L.P.,
a California limited partnership, its Development and Finance Manager

By: BT Livermore Associates, Inc.,
a California corporation, its General Partner

By:_____
Robert N. Klein, President

By: Callahan Livermore Senior Housing, LP
a California limited partnership, its Development and Construction Manager

By: Callahan Property Company, Inc.,
a California corporation,
its General Partner

By:_____
Joseph W. Callahan, Jr., President

EXHIBIT C

Form of Investor Letter

City of Livermore
1052 S Livermore Avenue
Livermore, CA 94550

U.S. Bank Trust Company, National Association
One California Street, 26th Floor
San Francisco, CA 94111

Re: $29,800,000
Original Principal Amount
Redevelopment Agency of the City of Livermore
Multifamily Housing Revenue Refunding Bonds
(Heritage Estates) 2005 Series A

Ladies and Gentlemen:

The undersigned authorized signatory for [PURCHASER] (the "Purchaser"), the purchaser of Redevelopment Agency of the City of Livermore Multifamily Housing Revenue Refunding Bonds (Heritage Estates) 2005 Series A (the "Bonds"), does hereby certify, represent and warrant that the Purchaser is either a "qualified institutional buyer" (a "QIB") as defined in Rule 144A under the Securities Act of 1933, as amended (the "1933 Act"), or an "accredited investor" (as defined in paragraphs (1), (2), (3), or (7) of Rule 501 of Regulation D promulgated under the 1933 Act) (an "Accredited Investor" and, together with a QIB, a "Qualified Investor"). Capitalized terms used in this letter and not otherwise defined shall have the meanings set forth in the Trust Indenture, dated as of November 1, 2005, as supplemented by the First Supplemental Trust Indenture and Amendment to Bond Documents (together, the "Indenture"), by and among the Issuer, the Trustee, the Borrower, and the Bondholder Representative.

The Purchaser hereby acknowledges, represents, and warrants to the Issuer and the Trustee, as follows:

1. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

2. The Purchaser is purchasing the Bonds with its own funds and not the funds of any other person, and for its own account and not as nominee or agent for the account of any other person and not with a present view to any distribution thereof other than the deposit or sale of the Bonds in or to a custodial or trust entity or arrangement each of the beneficial owners of which shall be required to be a Qualified Investor; provided, however, that the Purchaser may otherwise transfer the Bonds upon the terms and conditions set forth in the Indenture.

3. The Purchaser (a) has such knowledge and experience in business and financial matters, including (i) the evaluation of residential real estate developments such as the Project, (ii) the evaluation of the capabilities of persons such the Borrower, and the manager of the Project

to operate and maintain the Project, and (iii) the analysis, purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds (collectively, the "Investment"), so as to enable it to understand and evaluate the risks of such Investments and form an investment decision with respect thereto; (b) has no need for liquidity in such Investment; (c) is able to bear the risk of such Investment for an indefinite period including the risk of loss; and (d) has either been supplied with or been given access to information, including financial statements and other financial information, information relating to any swap or other derivative arrangements which the Borrower may have entered into relating to the Bonds, which it considers necessary to make an informed decision in connection with the purchase of the Bonds. The Purchaser has not relied upon the Issuer for any information (other than Issuer's representations and warranties in the Bond Documents) in its evaluation of the risks inherent in purchasing the Bonds.

4. The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, other than a transfer to (a) an Affiliate that is a Qualified Investor, or (b) a deposit or sale of the Bonds in or to a trust or custodial entity or arrangement each of the beneficial owners of which are required to be Qualified Investors, there must be delivered to the Trustee a letter of the transferee to substantially the same effect as this letter.

5. The Purchaser understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

6. The Purchaser understands that (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof, (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof and (c) the liability of the Issuer with respect to the Bonds is limited to the Trust Estate, including all property, revenues and other funds and moneys pledged, mortgaged and assigned under the Indenture.

7. The Purchaser understands that no official statement, prospectus, offering memorandum, or other offering document is being provided with respect to the Bonds and has concluded that the receipt of any such offering document prior to the issuance of the Bonds is not necessary or required in order for the Purchaser to make an informed decision with respect to the Bonds.

The Purchaser has satisfied itself that the Bonds are a lawful investment for it under all applicable laws and the Purchaser represents that the undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to execute this letter on behalf of the Purchaser. This letter and the representations and agreements contained herein are made for your benefit.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this letter to be executed by its authorized representative on and as of the day and year first written above.

[PURCHASER]

By: _____

Name: _____

Title: _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Greenberg Traurig, LLP
1717 Arch Street, Suite 400
Philadelphia, PA 19103
Attention: Michael A. Suleta, Esq.

SUBORDINATION AND INTERCREDITOR AGREEMENT

This **SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "Agreement") dated as of [_____], 2026, is made by and between **THE CITY OF LIVERMORE** (as successor entity to the Redevelopment Agency of the City of Livermore), a general law city organized under the Constitution and the laws of the State of California ("Junior Lender"), and **U.S. BANK NATIONAL ASSOCIATION**, as successor trustee under that certain Trust Indenture dated as of November 1, 2005 relating to the Senior Bonds, as further amended and supplemented, in its capacity as Bond Trustee with respect to the Senior Bonds ("Trustee", together with its successors and assigns, referred to herein as "Senior Lender").

R E C I T A L S

A. On November 17, 2005, the Redevelopment Agency of the City of Livermore, which has been dissolved and no longer exists and pursuant to Section 34173 of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act") has been succeeded by the Junior Lender (the "Issuer"), issued the Senior Bonds (as hereinafter defined), the proceeds of which were being loaned to **LIVERMORE SENIOR HOUSING ASSOCIATES, L.P.**, a California limited partnership ("Borrower"), in the original principal amount of $34,800,000 (the "Senior Loan"), which Senior Loan is evidenced by the Note (as hereinafter defined) and secured by, inter alia, the Mortgage (as hereinafter defined) encumbering the Property (as hereinafter defined);

B. At the direction of Borrower, Mizuho Capital Markets LLC ("MCM"), a Delaware limited liability company is purchasing the Senior Bonds in whole in lieu of redemption;

C. Junior Lender has made a loan (the "Junior Loan") to Borrower in the original principal amount of $800,000, which Junior Loan is evidenced by a certain note dated as of November 25, 2002 made by Borrower to Junior Lender (the "Junior Note") and secured by the Junior Loan Documents (as hereinafter defined).

D. Senior Lender has required, as a condition to consenting to the Junior Loan and the subordinate lien in favor of Junior Lender, that Junior Lender execute and deliver this Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Senior Lender to consent to the Junior Loan and the Junior Loan Documents, Junior Lender hereby agrees as follows:

1. Definitions. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

"Bankruptcy Proceeding" - Any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to the Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"Bondholder Representative" – Mizuho Capital Markets LLC, as successor to Citigroup Capital Management, LLC.

"Casualty" - The occurrence of damage to or loss of any of the Property by fire or other casualty.

"Enforcement Action" - The acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against the Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

"Enforcement Action Notice" - A written notice from the Junior Lender to the Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by the Junior Lender.

"Junior Indebtedness" - All indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Junior Loan Documents" - Collectively, the Junior Note and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Schedule 1 attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

"Junior Loan Default" - Any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Loan Documents.

"Loss Proceeds" - All monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result or any Condemnation or Casualty.

"Mortgage" - That certain Multifamily Fee and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of November 1, 2005, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, recorded November 17, 2005, Series No. 2005495778.

"Property" - (i) the land and improvements commonly known as Livermore Senior Housing Apartments, located in Livermore, Alameda County, California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Mortgage and/or the other Senior Loan Documents.

"Senior Bonds" - Collectively, the (i) $29,800,000 Multifamily Housing Revenue Refunding Bonds (Heritage Estates) Series 2005A and (ii) $5,000,000 Taxable Multifamily Housing Revenue Refunding Bonds (Heritage Estates) Series 2005B.

"Senior Indebtedness" - All indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Senior Loan Default" - Any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Mortgage.

"Senior Loan Documents" - Collectively, the Mortgage, the Senior Note, and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

"Senior Note" – Collectively, that certain Multifamily Note (Tax Exempt) dated as of November 1, 2005, made by Borrower to Senior Lender in the original principal amount of $29,800,000.00, and that certain Multifamily Note (Taxable) dated as of November 1, 2005, made by Borrower to Senior Lender in the original principal amount of $5,000,000.00, as each may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Mortgage.

2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Senior Loan Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender), Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender unless such payment derives from a court-ordered or sanctioned payment. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness provided in this Agreement, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid

or returned to the Borrower or its insolvent estate, or avoided, set aside or required to be paid to the Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Mortgage and other Senior Loan Documents and of the Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) Intentionally Omitted.

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

3. Junior Lender Agreements.

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a scheduled payment of interest or principal and interest made not

earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) bring any action to protect Junior Lender's interest in the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Mortgage.

(c) In the event and to the extent that Junior Lender has under the Junior Loan Documents approval or consent rights over any decisions regarding the use of insurance proceeds after a casualty loss or condemnation award or consent and oversight rights in connection with any insurance claims relating to the Property, Junior Lender agrees that Senior Lender shall exercise such approval or consent rights on behalf of both Senior Lender and Junior Lender (provided that such approval or consent is given in accordance with the terms of the Senior Loan Documents), and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. In the event of any Bankruptcy Proceeding, Junior Lender agrees that Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property). In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or

for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by the Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior has also voted affirmatively in favor of such plan (assuming Senior Lender has not exercised its rights hereunder to Junior Lender's voting rights), and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

(e) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Mortgage, and may release or waive any guaranty, surety or indemnity providing additional collateral to the Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by the Senior Lender, to require the separate sales of any portion of the Property or to require the Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Loan Documents automatically shall terminate with respect to such Property upon the Senior Lender's acquisition of title.

(f) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the

Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(g) Junior Lender hereby represents and warrants that, as of the date hereof, $800,000.00 of the proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is $800,000.00; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; (viii) there are no other Junior Loan Documents other than those listed on Schedule 1 hereto; (ix) the Junior Note is a "cashflow" note which does not require payment of more than seventy-five percent (75%) of Excess Cashflow after payment of operating expenses, debt service on the Senior Loan, etc.; and (x) the stated term of the Junior Loan is equal to fifty seven (57) years.

(h) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, Borrower shall not be obligated to pay more than seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note. For the purposes hereof, the following definitions shall apply:

> "Excess Cash Flow" shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.
>
> "Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, the payment of debt service on the permanent loan, trustee and remarketing fee payments, basic property management fees for the operator of the Property paid to an independent third party; operator incentive fees not to exceed two and one half percent (2.5%) of annual revenues, a tax credit asset management fee not to exceed Thirty Six Thousand Dollars ($36,000) initially and increased annually by the annual percentage increase in the consumer price increase for Alameda County, premiums for property damage and liability insurance; utility services not paid for directly by tenants, including water, sewer, and trash collection; maintenance and repair; security services; advertising and marketing; cash deposited into reserves for capital replacements of Property improvements in an amount not to exceed reserve requirements imposed by the Senior Lender or as otherwise approved by the Agency; cash deposited into an operating reserve in an amount not to exceed the amount required by Senior Lender, or any greater amount approved by the Agency and other ordinary and reasonable operating expenses not listed above. Annual payments on the Additional Subsidy Loan shall be made prior to any payments for any asset management, oversight or operation fees made to any

partner or guarantor of the Borrower or party related to any partner or guarantor of the Borrower, including, but not limited to, the following subordinate payments: issuer payments; deferred development fee payment; construction loan guarantee fee payment; incentive management preference payment; paramount general partner management fee; compliance/operator analysis government report oversight fee; rent payments under the Borrower's ground lease; and any other subordinate payments.

"Gross Revenues" shall mean all receipts, revenues, income and other moneys received by or on behalf of the Borrower and derived from the ownership or operation of the Property, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

"Senior Loan Obligations" shall mean and includes, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior Indebtedness, (B) all obligations of the Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with the Senior Loan Documents, as calculated by the Borrower in accordance with customarily accepted cash basis accounting principles, consistently applied, and in accordance with the terms of the Senior Loan Documents; (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or escrow established or required by Senior Lender or the Servicer in connection with the Senior Loan and the Senior Loan Documents, including the Mortgage, and (E) all fees, costs and expenses of the Issuer (to the extent the same have not been otherwise subordinated to the Junior Loan), the Bondholder Representative, the Servicer and the Trustee in connection with the Bonds.

4. Standstill Agreement; Right to Cure Senior Loan Default.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Mortgage has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (1) to enforce any obligation of Borrower under any of the Junior Loan Documents, (2) to collect any monies payable to Borrower, (3) to have a receiver appointed to collect any monies payable to Borrower; or (4) to foreclose the lien(s) created by the Junior Loan Documents) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to

(a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, and (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if the Junior Lender shall elect to cure any such Default, it shall so notify the Senior Lender and shall commence and complete such curing as set forth in this paragraph. Junior Lender shall have the right, but not the obligation, to cure any Senior Loan Default within 60 days following the date of such notice; provided, however, that the Senior Lender shall be entitled during such 60-day period to continue to pursue its remedies under the Senior Loan Documents. Junior Lender may have up to 90 days from the date of the notice of the Senior Loan Default to cure a non-monetary default if during such 90-day period Junior Lender keeps current all payments required by the Senior Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Senior Lender's secured position relative to the Property, as determined by Senior Lender in its sole discretion, then Senior Lender may exercise during such 90-day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

5. Default. Junior Lender and Borrower acknowledge and agree that a default by either Junior Lender or Borrower under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have ail rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder 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 hereunder.

6. Enforcement Costs. Junior Lender agrees to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights under this Agreement.

7. Notices. Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender: The City of Livermore
1052 South Livermore Avenue
Livermore, CA 94550
Attention: Executive Director

To Senior Lender: U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

with copies to: Mizuho Capital Markets LLC
1271 Avenue of the Americas
New York, New York 10020
Attention: Swaps Legal

and

Mizuho Capital Markets LLC
1271 Avenue of the Americas
New York, New York 10020
Attention: Municipal Markets

and

Greenberg Traurig, LLP
1717 Arch Street, Suite 400
Philadelphia, PA 19103
Attention: Michael A. Suleta, Esq.

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

8. JURY TRIAL WAIVER. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9. Miscellaneous.

(a) Junior Lender shall, within ten (10) business days, but not more than once in a six (6) month period, following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are reasonably required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents. Senior Lender shall give Junior Lender a concurrent copy of each notice of a Senior Loan Default or other material notice given by Senior Lender under the Senior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and permitted assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in counterpart originals, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of the Senior Lender and the Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the Senior Indebtedness; (ii) the payment of all of the Junior Indebtedness other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to this Agreement; or (iii) the acquisition by Senior Lender or by a third party purchaser, of title to the Property pursuant to a foreclosure of, or the exercise of a power of sale contained in, the Mortgage

(n) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Junior Lender and Senior Lender have caused this Subordination and Intercreditor Agreement to be signed and delivered by its duly authorized representative as of the date first set forth above.

APPROVED AS TO FORM:

_____
[_____]
Assistant City Attorney

JUNIOR LENDER:

THE CITY OF LIVERMORE

By:_____
Name:_____
Title:_____

SENIOR LENDER:

U.S. BANK NATIONAL ASSOCIATION,
as trustee

By:_____
Name:_____
Title:_____

	}
STATE OF CALIFORNIA	} SS.
COUNTY OF ALAMEDA	}

On _____ before me, SUSAN GIBBS, ASSISTANT CITY CLERK personally appeared _____, CITY OF LIVERMORE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, exected the instrument.

WITNESS my hand and official seal.

Signature_____

(This area for official City seal)

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

LIVERMORE SENIOR LIVING ASSOCIATES, L.P.,
a California limited partnership

By: Casa Major Inc., its Managing General Partner,
a California nonprofit public benefit corporation

By: _____
Name: William Hirsh
Title: President

By: Livermore Senior Housing Associates, LLC,
a California limited liability company, its Administrative General Partner

By: BT Livermore Associates, L.P.,
a California limited partnership, its Development and Finance Manager

By: BT Livermore Associates, Inc.,
a California corporation, its General Partner

By:_____
Name: Robert N. Klein
Title: President

By: Callahan Livermore Senior Housing, LP
a California limited partnership, its Development and Construction Manager

By: Callahan Property Company, Inc.,
a California corporation, its General Partner

By:_____
Name: Joseph W. Callahan, Jr.
Title: President

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BONDHOLDER REPRESENTATIVE:

MIZUHO CAPITAL MARKETS LLC, a Delaware limited liability company

By: Mizuho Securities USA LLC, in its capacity as manager

By _____
Name:
Title:

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

EXHIBIT "A"

The land referred to in this policy is described as follows:

Real property in the City of Livermore, County of Alameda, State of California, described as follows:

PARCEL ONE:

Parcel 1 of Parcel Map 7841, filed May 24, 2002, Map Book 266, Pages 23 and 24, Alameda County Records.

PARCEL TWO:

Non-exclusive easements, appurtenant to Parcel One above, for access and utilities, as granted in that certain "Reciprocal Easement and Maintenance Agreement" recorded October 29, 2002, Series No. 2002490505, Official Records, over the following described land:

A portion of Parcel 2 of parcel 7841, filed May 24, 2002, Map Book 266, Pages 23 and 24, Alameda County Records, described as follows:

Beginning at the southeast corner of said parcel 2; thence along the easterly property line of said Parcel 2 for the following three (3) courses: (1) North 8° 01' 38" West 40,009 feet to a point of curvature of a tangent curve to the left; thence (2) along said curve having a radius of 213.000 feet, a central angle of 12° 28' 22", and an arc length of 46368 feet to the beginning point of a tangent line; thence (3) along said tangent line North 20° 30' 00" West 223.334 feet; thence departing from said easterly property line and entering said Parcel 2 the following five (5) courses: (4) perpendicularly in a westerly direction South 690 30' 00" West 13.000 feet to a point on a parallel line measured 13.000 feet perpendicularly in a westerly direction from the aforesaid 223.334 feet line; thence (5) perpendicularly in a southerly direction along said parallel line South 20° 30' 00" East 223.334 feet to a point of curvature of a tangent curve to the right;: thence (6) along said curve, also being concentric to and measured 13.000 feet in a westerly direction from the aforesaid 213.000 feet radius curve, having a radius of 200.000 feet, a central angle of 12° 28' 22", and an arc length of 43.538 feet to the beginning point of a tangent line said point also being on a parallel line measured 13.000 feet perpendicularly in a westerly direction from the aforesaid 40.009 feet line; thence (7) along said tangent and parallel line South 8° 01' 38" East 26.877 feet to a point of curvature of a tangent curve to the right; thence (8) along said curve having a radius of 25.000 feet, a central angle of 30° 06' 35", and an arc length of 13.138 feet to a point on the southerly property line of said Parcel 2; thence along said southerly property line North 84° 02" 20" East 16384 feet to said Point of Beginning.

PARCEL THREE:

A non-exclusive easement, appurtenant to Parcel One above, for ingress, egress and underground public utilities, as granted in that certain document entitled "Covenants for Development, Operation and Maintenance and Reciprocal Easements" recorded

February 25, 1982, Series No. 82-027568, Official Records, as amended by that certain document entitled "Amendment to Covenants for Development, Operation and Maintenance and Reciprocal Easements" recorded March 20, 1992, Series No. 92085377, Official Records, over a portion of Parcel B of Parcel Map 4215, filed July 18, 1984, Map Book 146, Pages 15 and 16, Alameda County Records, described as follows:

Beginning at the most southwestern corner of the above said Parcel B and running thence along the western line of said Parcel B, North 20° 30' 00" West 201.669 feet; thence leaving said western line of Parcel B, northeasterly, from a radial bearing of North 13° 03' 26.2" West, along the arc of a curve to the left, with a radius of 11,209.16 feet and a central angle of 0° 08' 39.5", an arc length of 28.233 feet; thence southeasterly along a line parallel to and 28.00 feet easterly of the above said western. line of Parcel B South 20° 30' 00" East 25.337 feet; thence leaving said parallel line, South 52° 30'45.6" East 16.978 feet; thence South 29° 12' 51.7" East 132.006 feet to a point 57.00 feet easterly of the above said western line of Parcel B; thence southeasterly along a line parallel to and 57.00 feet easterly-of the above said western line of Parcel B, South 20° 30' 00" East 35.00 feet to a point on the southern line of the above said Parcel B; thence southwesterly along said southern line, from a radial bearing of North 13° 28' 37.1" West, along the arc of a curve to the right, with a radius of 11,409.16 feet and a central angle of 0° 17' 18.6", an arc length of 57.449 feet to the point of beginning.

APN: 099-0175-015-06

Schedule 1

List of all Junior Loan Documents

1. Promissory Note dated November 25, 2002, by Borrower to Junior Lender.

2. Leasehold Deed of Trust, Assignment of Rents, and Security Agreement dated November 25, 2002, by Borrower for the benefit of Junior Lender, recorded November 27, 2002, Series No. 2002-556357.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Greenberg Traurig, LLP
1717 Arch Street, Suite 400
Philadelphia, PA 19103
Attention: Michael A. Suleta, Esq.

SUBORDINATION AND INTERCREDITOR AGREEMENT

This **SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "Agreement") dated as of [_____], 2026, is made by and between **THE CITY OF LIVERMORE** (as successor entity to the Redevelopment Agency of the City of Livermore), a general law city organized under the Constitution and the laws of the State of California ("Junior Lender"), and **MIZUHO CAPITAL MARKETS LLC**, a Delaware limited liability company ("MCM", together with its successors and assigns, referred to herein as "Senior Lender").

R E C I T A L S

A. Junior Lender has made a loan (the "Junior Loan") to **LIVERMORE SENIOR HOUSING ASSOCIATES, L.P.**, a California limited partnership ("Borrower"), in the original principal amount of $800,000, which Junior Loan is evidenced by a certain note dated as of November 25, 2002 made by Borrower to Junior Lender (the "Junior Note") and secured by the Junior Loan Documents (as hereinafter defined).

B. Borrower has executed a Master Financing Agreement (as amended, modified or supplemented from time to time, the "Master Financing Agreement"), dated as of the date hereof with Senior Lender.

C. Senior Lender has required, as a condition to consenting to the Junior Loan and the subordinate lien in favor of Junior Lender, that Junior Lender execute and deliver this Agreement.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Senior Lender to consent to the Junior Loan and the Junior Loan Documents, Junior Lender hereby agrees as follows:

1. Definitions. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

"Bankruptcy Proceeding" - Any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to the Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"Casualty" - The occurrence of damage to or loss of any of the Property by fire or other casualty.

"Enforcement Action" - The acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against the Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

"Enforcement Action Notice" - A written notice from the Junior Lender to the Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by the Junior Lender.

"Junior Indebtedness" - All indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Junior Loan Documents" - Collectively, the Junior Note and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Schedule 1 attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

"Junior Loan Default" - Any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Loan Documents.

"Loss Proceeds" - All monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result or any Condemnation or Casualty.

"Mortgage" - That certain Multifamily Fee and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Swap) dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

"Property" - (i) the land and improvements commonly known as Livermore Senior Housing Apartments, located in Livermore, Alameda County, California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Mortgage and/or the other Senior Loan Documents.

"Senior Indebtedness" - All indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Senior Loan Default" - Any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Mortgage.

"Senior Loan Documents" - Collectively, the Master Financing Agreement, the Mortgage, the Schedule to the Master Agreement, dated as of the date hereof (as amended, restated and/or supplemented from time to time, the "Cross Border Schedule"), the Credit Support Annex to the Master Agreement, dated as of the date hereof (as amended, restated and/or supplemented from time to time, the "Support Annex"), the Confirmation Letter to the Master Agreement for Transaction No. 001 (as amended, restated and/or supplemented from time to time, the "Confirmation Letter"), and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Mortgage.

2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Senior Loan Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due

date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender), Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender unless such payment derives from a court-ordered or sanctioned payment. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness provided in this Agreement, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to the Borrower or its insolvent estate, or avoided, set aside or required to be paid to the Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Mortgage and other Senior Loan Documents and of the Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property

or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) Intentionally Omitted.

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

3. Junior Lender Agreements.

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) bring any action to protect Junior Lender's interest in the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges

that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Mortgage.

(c) In the event and to the extent that Junior Lender has under the Junior Loan Documents approval or consent rights over any decisions regarding the use of insurance proceeds after a casualty loss or condemnation award or consent and oversight rights in connection with any insurance claims relating to the Property, Junior Lender agrees that Senior Lender shall exercise such approval or consent rights on behalf of both Senior Lender and Junior Lender (provided that such approval or consent is given in accordance with the terms of the Senior Loan Documents), and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. In the event of any Bankruptcy Proceeding, Junior Lender agrees that Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property). In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by the Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior has also voted affirmatively in favor of such plan (assuming Senior Lender has not exercised its rights hereunder to Junior Lender's voting rights), and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

(e) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Mortgage, and may release or waive any guaranty, surety or indemnity providing additional collateral to the Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in

connection with any release of all or any portion of the Property by the Senior Lender, to require the separate sales of any portion of the Property or to require the Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Loan Documents automatically shall terminate with respect to such Property upon the Senior Lender's acquisition of title.

(f) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(g) Junior Lender hereby represents and warrants that, as of the date hereof, $800,000.00 of the proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is $800,000.00; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; (viii) there are no other Junior Loan Documents other than those listed on Schedule 1 hereto; (ix) the Junior Note is a "cashflow" note which does not require payment of more than seventy-five percent (75%) of Excess Cashflow after payment of operating expenses, debt service on the Senior Loan, etc.; and (x) the stated term of the Junior Loan is equal to fifty seven (57) years.

(h) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, Borrower shall not be obligated to pay more than seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note. For the purposes hereof, the following definitions shall apply:

"Excess Cash Flow" shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.

"Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, the payment of debt service on the permanent loan, trustee and remarketing fee payments, basic property management fees for the operator of the Property paid to an independent third party; operator incentive fees not to exceed two and one half percent (2.5%) of annual revenues, a tax credit asset management fee not to exceed Thirty Six Thousand Dollars ($36,000) initially and increased annually by the annual percentage increase in the consumer price increase for Alameda County, premiums for property damage and liability insurance; utility services not paid for directly by tenants, including water, sewer, and trash collection; maintenance and repair; security services; advertising and marketing; cash deposited into reserves for capital replacements of Property improvements in an amount not to exceed reserve requirements imposed by the Senior Lender or as otherwise approved by the Agency; cash deposited into an operating reserve in an amount not to exceed the amount required by Senior Lneder, or any greater amount approved by the Agency and other ordinary and reasonable operating expenses not listed above. Annual payments on the Additional Subsidy Loan shall be made prior to any payments for any asset management, oversight or operation fees made to any partner or guarantor of the Borrower or party related to any partner or guarantor of the Borrower, including, but not limited to, the following subordinate payments: issuer payments; deferred development fee payment; construction loan guarantee fee payment; incentive management preference payment; paramount general partner management fee; compliance/operator analysis government report oversight fee; rent payments under the Borrower's ground lease; and any other subordinate payments.

"Gross Revenues" shall mean all receipts, revenues, income and other moneys received by or on behalf of the Borrower and derived from the ownership or operation of the Property, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

"Senior Loan Obligations" shall mean and includes, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior

Indebtedness, (B) all obligations of the Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with the Senior Loan Documents, as calculated by the Borrower in accordance with customarily accepted cash basis accounting principles, consistently applied, and in accordance with the terms of the Senior Loan Documents; (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or escrow established or required by Senior Lender or the Servicer in connection with the Senior Loan and the Senior Loan Documents, including the Mortgage, and (E) all fees, costs and expenses of the Senior Lender.

4. Standstill Agreement; Right to Cure Senior Loan Default.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Mortgage has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (1) to enforce any obligation of Borrower under any of the Junior Loan Documents, (2) to collect any monies payable to Borrower, (3) to have a receiver appointed to collect any monies payable to Borrower; or (4) to foreclose the lien(s) created by the Junior Loan Documents) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, and (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if the Junior Lender shall elect to cure any such Default, it shall so notify the Senior Lender and shall commence and complete such curing as set forth in this paragraph. Junior Lender shall have the right, but not the obligation, to cure any Senior Loan Default within 60 days following the date of such notice; provided, however, that the Senior Lender shall be entitled during such 60-day period to continue to pursue its remedies under the Senior Loan Documents. Junior Lender may have up to 90 days from the date of the notice of the Senior Loan Default to cure a non-monetary default if during such 90-day period Junior Lender

keeps current all payments required by the Senior Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Senior Lender's secured position relative to the Property, as determined by Senior Lender in its sole discretion, then Senior Lender may exercise during such 90-day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

5. Default. Junior Lender and Borrower acknowledge and agree that a default by either Junior Lender or Borrower under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have ail rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder 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 hereunder.

6. Enforcement Costs. Junior Lender agrees to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights under this Agreement.

7. Notices. Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender: The City of Livermore
1052 South Livermore Avenue
Livermore, CA 94550
Attention: Executive Director

To Senior Lender: Mizuho Capital Markets LLC
1271 Avenue of the Americas
New York, New York 10020
Attention: Swaps Legal

with copies to: Mizuho Capital Markets LLC

1271 Avenue of the Americas
New York, New York 10020
Attention: Municipal Markets

and

Greenberg Traurig, LLP
1717 Arch Street, Suite 400
Philadelphia, PA 19103
Attention: Michael A. Suleta, Esq.

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

8. JURY TRIAL WAIVER. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9. Miscellaneous.

(a) Junior Lender shall, within ten (10) business days, but not more than once in a six (6) month period, following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are reasonably required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents. Senior Lender shall give Junior Lender a concurrent copy of each notice of a Senior Loan Default or other material notice given by Senior Lender under the Senior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and permitted assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in counterpart originals, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of the Senior Lender and the Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the Senior Indebtedness; (ii) the payment of all of the Junior Indebtedness other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to this Agreement; or (iii) the acquisition by Senior Lender or by a third party purchaser, of title to the Property pursuant to a foreclosure of, or the exercise of a power of sale contained in, the Mortgage

(n) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Junior Lender and Senior Lender have caused this Subordination and Intercreditor Agreement to be signed and delivered by its duly authorized representative as of the date first set forth above.

APPROVED AS TO FORM:

_____
[_____]
Assistant City Attorney

JUNIOR LENDER:

THE CITY OF LIVERMORE

By:_____
Name:_____
Title:_____

SENIOR LENDER:

MIZUHO CAPITAL MARKETS LLC, a Delaware limited liability company

By: Mizuho Securities USA LLC, in its capacity as manager

By _____
Name:
Title:

	}
STATE OF CALIFORNIA	} SS.
COUNTY OF ALAMEDA	}

On _____ before me, SUSAN GIBBS, ASSISTANT CITY CLERK personally appeared _____, CITY OF LIVERMORE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, exected the instrument.

WITNESS my hand and official seal.

Signature_____

(This area for official City seal)

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

LIVERMORE SENIOR LIVING ASSOCIATES, L.P.,
a California limited partnership

By: Casa Major Inc., its Managing General Partner,
a California nonprofit public benefit corporation

By: _____
Name: William Hirsh
Title: President

By: Livermore Senior Housing Associates, LLC,
a California limited liability company, its Administrative General Partner

By: BT Livermore Associates, L.P.,
a California limited partnership, its Development and Finance Manager

By: BT Livermore Associates, Inc.,
a California corporation, its General Partner

By:_____
Name: Robert N. Klein
Title: President

By: Callahan Livermore Senior Housing, LP
a California limited partnership, its Development and Construction Manager

By: Callahan Property Company, Inc.,
a California corporation, its General Partner

By:_____
Name: Joseph W. Callahan, Jr.
Title: President

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____ Notary Public, personally appeared _____ (personally-known or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

_____

EXHIBIT "A"

The land referred to in this policy is described as follows:

Real property in the City of Livermore, County of Alameda, State of California, described as follows:

PARCEL ONE:

Parcel 1 of Parcel Map 7841, filed May 24, 2002, Map Book 266, Pages 23 and 24, Alameda County Records.

PARCEL TWO:

Non-exclusive easements, appurtenant to Parcel One above, for access and utilities, as granted in that certain "Reciprocal Easement and Maintenance Agreement" recorded October 29, 2002, Series No. 2002490505, Official Records, over the following described land:

A portion of Parcel 2 of parcel 7841, filed May 24, 2002, Map Book 266, Pages 23 and 24, Alameda County Records, described as follows:

Beginning at the southeast corner of said parcel 2; thence along the easterly property line of said Parcel 2 for the following three (3) courses: (1) North 8° 01' 38" West 40,009 feet to a point of curvature of a tangent curve to the left; thence (2) along said curve having a radius of 213.000 feet, a central angle of 12° 28' 22", and an arc length of 46368 feet to the beginning point of a tangent line; thence (3) along said tangent line North 20° 30' 00" West 223.334 feet; thence departing from said easterly property line and entering said Parcel 2 the following five (5) courses: (4) perpendicularly in a westerly direction South 690 30' 00" West 13.000 feet to a point on a parallel line measured 13.000 feet perpendicularly in a westerly direction from the aforesaid 223.334 feet line; thence (5) perpendicularly in a southerly direction along said parallel line South 20° 30' 00" East 223.334 feet to a point of curvature of a tangent curve to the right;: thence (6) along said curve, also being concentric to and measured 13.000 feet in a westerly direction from the aforesaid 213.000 feet radius curve, having a radius of 200.000 feet, a central angle of 12° 28' 22", and an arc length of 43.538 feet to the beginning point of a tangent line said point also being on a parallel line measured 13.000 feet perpendicularly in a westerly direction from the aforesaid 40.009 feet line; thence (7) along said tangent and parallel line South 8° 01' 38" East 26.877 feet to a point of curvature of a tangent curve to the right; thence (8) along said curve having a radius of 25.000 feet, a central angle of 30° 06' 35", and an arc length of 13.138 feet to a point on the southerly property line of said Parcel 2; thence along said southerly property line North 84° 02" 20" East 16384 feet to said Point of Beginning.

PARCEL THREE:

A non-exclusive easement, appurtenant to Parcel One above, for ingress, egress and underground public utilities, as granted in that certain document entitled "Covenants for

Development, Operation and Maintenance and Reciprocal Easements" recorded February 25, 1982, Series No. 82-027568, Official Records, as amended by that certain document entitled "Amendment to Covenants for Development, Operation and Maintenance and Reciprocal Easements" recorded March 20, 1992, Series No. 92085377, Official Records, over a portion of Parcel B of Parcel Map 4215, filed July 18, 1984, Map Book 146, Pages 15 and 16, Alameda County Records, described as follows:

Beginning at the most southwestern corner of the above said Parcel B and running thence along the western line of said Parcel B, North 20° 30' 00" West 201.669 feet; thence leaving said western line of Parcel B, northeasterly, from a radial bearing of North 13° 03' 26.2" West, along the arc of a curve to the left, with a radius of 11,209.16 feet and a central angle of 0° 08' 39.5", an arc length of 28.233 feet; thence southeasterly along a line parallel to and 28.00 feet easterly of the above said western. line of Parcel B South 20° 30' 00" East 25.337 feet; thence leaving said parallel line, South 52° 30'45.6" East 16.978 feet; thence South 29° 12' 51.7" East 132.006 feet to a point 57.00 feet easterly of the above said western line of Parcel B; thence southeasterly along a line parallel to and 57.00 feet easterly-of the above said western line of Parcel B, South 20° 30' 00" East 35.00 feet to a point on the southern line of the above said Parcel B; thence southwesterly along said southern line, from a radial bearing of North 13° 28' 37.1" West, along the arc of a curve to the right, with a radius of 11,409.16 feet and a central angle of 0° 17' 18.6", an arc length of 57.449 feet to the point of beginning.

APN: 099-0175-015-06

Schedule 1

List of all Junior Loan Documents

1. Promissory Note dated November 25, 2002, by Borrower to Junior Lender.

2. Leasehold Deed of Trust, Assignment of Rents, and Security Agreement dated November 25, 2002, by Borrower for the benefit of Junior Lender, recorded November 27, 2002, Series No. 2002-556357.