PALMDALE
a place to call home

CITY COUNCIL
HOUSING AUTHORITY
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
WEDNESDAY, AUGUST 21, 2024
5:00 PM
www.cityofpalmdaleca.gov

WELCOME

1. **CALL MEETING TO ORDER**

Note: All City Council memberships are reflected in their City Council titles.

2. **ROLL CALL**
   MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN
   COMMISSIONERS FRAGA-SAENZ, BETTS

3. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

4. **PRESENTATIONS**

   4.1 Antelope Valley College update.

   4.2 Illegal Dumping Plan update.

PUBLIC COMMENT RULES
"(California Government Code Section 54954.3).
(a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of

Section 54954.2 [section omitted].

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of the subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency."

In furtherance of Section 54954.3 of the Brown Act, the public is allotted to speak a total of two (2) minutes on the entirety of the Consent Calendar, Appointment(s), New Business and Closed Session, with two (2) minutes on each Public Hearing, and, if desired, an additional two (2) minutes on items not on the agenda that are within the subject matter jurisdiction of the City Council. As specified in the Brown Act, a speaker utilizing a translator will receive twice the amount of time specified.

5. **PUBLIC COMMENTS**

CONSENT CALENDAR, APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION: Now is the time for public participation on items listed on the Consent Calendar, Appointment(s), New Business, and Closed Session. Each speaker is allotted two (2) minutes in total for the entirety of the above sections.

6. **CONSENT CALENDAR**

All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

6.1 Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

6.2 Approve and Adopt Ordinance No. 1645, an Ordinance of the City Council of the City of Palmdale to promote Public Health, Safety, and Welfare by deleting, amending, and adding select provisions of the Palmdale Municipal Code related to procedures and policies governing construction of Public Works Projects and Professional Services in order to streamline and ensure consistency with State Law.

SR Ord. No. 1645.docx
Ord. No. 1645.docx

6.3 Adopt Resolution No. CC 2024-075, a Resolution of the City Council of the City of Palmdale to apply for and accept the Los Angeles County Council of Governments Interim Housing (IH) Service Fund.
SR Reso. No. CC 2024-075.docx
Reso. No. CC 2024-075.docx

6.4 Adopt Resolution No. CC 2024-076, a Resolution of the City Council of the City of Palmdale declaring its intention to renew the Palmdale Tourism Improvement District, establish the time and place of a public meeting and a public hearing and giving notice of such public meeting and public hearing.
SR Reso. No. CC 2024-076.docx
Reso. No. CC 2024-076.docx
Atch 1 PTID Management District Plan.pdf
Atch 2 Petition forms in support of PTID.pdf

6.5 Notice of Completion - Accept Public Street and Landscape Improvements for Tract 73068 located at Palmdale Boulevard and Oak Street.
SR NOC 21-31.docx
NOC 21-31.pdf
Exh A List of Completed Public Improvements.pdf
Exh B Site Map Location.pdf
Site Photo.pdf

6.6 Approve pre-qualified list of consultants to perform on-call professional engineering and architectural services with a not to exceed total aggregate amount of $12,000,000 for a three-year term with the option to extend two one-year terms.
SR Approve Prequalified List of On-Call Consultants.docx
Atch 1 List of On-Call Consultants.pdf

6.7 Approve the minutes from the previous meeting.
Minutes 08 07 2024 CC SA 5pm.pdf

7. JOINT PUBLIC HEARING CITY COUNCIL/HOUSING AUTHORITY

7.1 Adopt Resolution No. CC 2024-074, a Resolution of the City Council of the City of Palmdale approving an Affordable Housing Agreement between the Housing Authority of the City of Palmdale and Advancing Communities Together, Approving and Authorizing the Conveyance of Property located at 5th Street East and East Avenue Q-2 APN 3008-010-904 from the Housing Authority of the City of Palmdale to Advancing Communities Together, Approving a Permanent Local Housing Allocation Loan Agreement between the City of Palmdale and Advancing Communities Together, and making certain findings; and Adopt Resolution No. HA 2024-006, a Resolution of the Housing Authority of the City of Palmdale

Approving an Affordable Housing Agreement between the Housing Authority of the City of Palmdale and Advancing Communities Together, Approving and Authorizing the Conveyance of Property from the Housing Authority of the City of Palmdale to Advancing Communities Together located at 5th Street East and East Avenue Q-2 APN 3008-010-904 and making certain findings

SR Reso. No. CC 2024-074 and HA 2024-006.docx
Reso. No. CC 2024-074.pdf
Reso. No. HA 2024-006.pdf
Agrmt No. A-8909 (City) with Advancing Communities Together.pdf
Agrmt No. A-8908 (Housing Authority) with Advancing Communities Together.pdf

8. **CITY MANAGER'S REPORT**

9. **COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

10. **NON-AGENDA PUBLIC COMMENTS*:***
Now is the time for public participation on items not listed on the agenda. Each speaker is allotted two (2) minutes total.

11. **ADJOURN** meeting to September 4, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

Americans with Disabilities Act (ADA) Accommodations
In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

If you require oral translation, please contact the City Clerk's Office at (661) 267-5151 at least 48 hours prior to the meeting.

City Council Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **WILLIAM P. CURLEY, III, CITY ATTORNEY**

SUBJECT: **BIANNUAL ORDINANCE UPDATING AND AMENDING THE PALMDALE MUNICIPAL CODE**

RECOMMENDATION

Consider and adopt Ordinance No. 1645, an Ordinance of the City Council of the City of Palmdale to promote Public Health, Safety, and Welfare by deleting, amending, and adding select provisions of the Palmdale Municipal Code (PMC) related to procedures and policies governing the construction of Public Works Projects and Professional Services in order to streamline and ensure consistency with State Law.

BACKGROUND AND DISCUSSION

As statutes, City organizational duties, job titles, and policies change, it is important to maintain and update the PMC. This Ordinance is a general clean-up and consistency enactment that keeps the PMC current. From time to time, similar "housekeeping" ordinances will be presented to ensure consistency and accuracy among City enactments.

FISCAL IMPACT

$0; There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding services.

A. Manage resources, costs, and liability to ensure the City's long-term fiscal health.

Prepared by:	William P. Curley, III, City Attorney
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENT

Ord. No. 1645

CITY OF PALMDALE, A CHARTER CITY,
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1645

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO PROMOTE PUBLIC HEALTH, SAFETY, AND WELFARE BY DELETING, AMENDING, AND ADDING SELECT PROVISIONS OF THE PALMDALE MUNICIPAL CODE RELATED TO PROCEDURES AND POLICIES GOVERNING CONSTRUCTION OF PUBLIC WORKS PROJECTS AND PROFESSIONAL SERVICES IN ORDER TO STREAMLINE AND ENSURE CONSISTENCY WITH STATE LAW.

A. Intent of City Council

1. WHEREAS, Section VII of Article XI of the California Constitution provides that a City may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws;

2. WHEREAS, the City Council finds it necessary to update, consolidate, and streamline the Palmdale Municipal Code ("PMC") periodically to comply with recent law enactments and decisions and to achieve more efficient enforcement of code violations to promote public health, safety and welfare;

3. WHEREAS, in light of recent state law enactments and decisions as well as recent efforts to ensure a more efficient enforcement of the Palmdale Municipal Code and other laws which the City is empowered to enforce, the City Council has identified amendments, adoptions, and/or deletions to be made to the PMC relating to regulations governing public works projects and professional services; and other related provisions;

4. WHEREAS, said amendments, adoptions, and/or deletion of the PMC are permitted by law, including the California Constitution, City of Palmdale Charter and Government Code;

5. WHEREAS, all legal preconditions to the adoption of this Ordinance have occurred as required by law,

B. Ordinance

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALMDALE HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The existing text of PMC Section 2.04.060 is hereby amended to read as follows:

2.04.030 Bond.

The City Manager may be required to furnish a corporate surety bond in an amount to be determined by the City Council, which surety bond shall be

conditioned on the faithful performance of the duties imposed on the City Manager as herein prescribed. Any premium for such bond shall be a proper charge against the City. (Ord. 1366 § 1, 2008; Ord. 1058 § 1, 1995)

2.04.060 Powers and duties.

The City Manager shall be the administrative head of the City government under the direction and control of the City Council, except as otherwise provided in this code. The City Manager shall be responsible for the efficient administration of all the affairs of the City which are under the control of the City Manager. In addition to general powers as administrative head, and not as a limitation thereon, it shall be the City Manager's duty, and the City Manager shall have the power:

(A) To ensure, in cooperation with the City Attorney, that all laws of the state pertaining to the City, and all laws and ordinances of the City, are duly enforced, and that all franchises, permits, and privileges granted by the City are faithfully observed and performed;

(B) To control, order, and give directions to all heads of departments, subordinate officers, and employees of the City, except the City Attorney and the City Treasurer; to transfer employees from one department to another; and to consolidate or combine offices, positions, departments or units under the City Manager's direction;

(C) To appoint, promote, discipline, demote, and remove any officers or employees of the City, except the City Attorney and the City Treasurer;

(D) To exercise control over and to supervise in general all departments and divisions of the City, and all appointive officers and employees thereof, except the City Attorney and the City Treasurer;

(E) To attend all meetings of the City Council and its committees unless excused therefrom by the City Council, unless the City Manager's removal is under consideration by the City Council;

(F) To recommend to the City Council for the adoption of such measures, actions, resolutions, and ordinances as may be deemed necessary or expedient;

(G) To keep the City Council, at all times, fully advised as to the financial condition and needs of the City;

(H) To prepare and submit to the City Council the annual budget and to administer it after adoption;

(I) To purchase or cause to be purchased all equipment, services, materials, and supplies for all departments or divisions of the City;

(J) To make investigations into the affairs of the City, and any department or division thereof, and any contract, or the proper performance of any obligation running to the City;

(K) To investigate all complaints in relation to matters concerning the administration of the City government and the services provided by public utilities in the City;

(L) To exercise general supervision over all public buildings, public parks, streets, and other public properties which are under the control and jurisdiction of the City Council;

(M) To devote fully to the duties of this office and the interests of the City;

(N) To make reports and recommendations as may be desirable or as requested by the City Council;

(O) To serve in any appointed office or as head of any department within the City government to which the City Manager may be qualified when appointed thereto by the City Council and to hold and perform the duties thereof at the pleasure of the City Council;

(P) To provide leadership for civic activities designed to benefit the residents of the City when so authorized by the City Council;

(Q) To perform such other duties and exercise such other powers as may be delegated to the City Manager from time to time by ordinance, resolution, or motion of the City Council; and

(R) To review all mail or other written communications addressed to the City Council and to give it immediate attention to the end that all administrative matters requiring Council action may be acted upon between City Council meetings. Such correspondence may be copied for administrative purposes and shall be delivered to Councilmembers in a timely manner. Correspondence addressed to an individual Councilmember shall not be duplicated, reproduced, or otherwise copied, and the contents thereof shall not be divulged to any other person unless written consent from the addressee has been obtained. Any correspondence addressed to individual Councilmembers which is marked “PERSONAL,” “PRIVATE,” “CONFIDENTIAL,” or with other similar words or phrases on the envelope, wrapper, or cover which would indicate the sender intended the contents to be seen only by the eyes of the addressed Councilmember shall not be opened

by the City Manager except by written consent of the addressee and shall be delivered to that Councilmember in a timely manner.

(S) The authority to approve and execute on behalf of the City compromise and settlement agreements and/or releases for disputes, claims, and/or lawsuits up to a maximum value of $125,000, exclusive of City costs and attorney fees, with the advice and consent of the City Attorney and as per State and local law. The City Manager shall annually compile a confidential report in cooperation with the City Attorney on all such agreements or releases, including the name(s) of the opposing party, significant terms, settlement amount, and date. The City Attorney shall provide such confidential report to the City Council under seal of the attorney-client and attorney work-product privileges if he or she deems such necessary. (Ord. 1568 §§ 1 – 3, 2021; Ord. 1541 § 1, 2020; Ord. 1439 § 1, 2013; Ord. 1424 § 1, 2011; Ord. 1399 § 2, 2010; Ord. 1299 §§ 2, 3, 2007; Ord. U-1299 §§ 2, 3, 2006; Ord. 1202 § 1, 2002; Ord. 1058 § 1, 1995)

2.04.120 Inconsistent nomenclature

Wherever it appears in this code, or in any ordinance or resolution previously adopted by the City Council or by any of the City's boards or commissions, the term "City Administrator" shall be construed to mean "City Manager." (Ord. 1058 § 1, 1995)

SECTION 2. The existing text of PMC Section 3.02 is hereby amended to add the following section as follows:

3.02.070 Inconsistent nomenclature

Wherever it appears in this code, or in any ordinance or resolution previously adopted by the City Council or by any of the City's boards or commissions, the term "Finance Director" shall be construed to mean Director of Finance, Director of Operations, or Controller. (Ord. 1058 § 1, 1995)

SECTION 3. The existing text of PMC Section 3.08.060 is hereby amended to read as follows:

3.08.06 Definitions.

As used in this chapter, unless the context otherwise clearly indicates:

(A) "Awarding authority" means the Palmdale City Council employee of the City of Palmdale authorized to award or enter into any contract, as defined in this chapter, on behalf of the City.

(B) "Bid" means a response to a procurement solicitation, including a bid, a proposal, and a statement of qualifications and experience.

(C) “Bidder” means a person or company that submits a bid or any response to a procurement solicitation.

(D) “Competitive procurement process” means a selection process where contractors and vendors who supply goods, materials, equipment, supplies, and services to the City are selected through a formal or informal process that allows full, fair, and open competition for all qualified contractors with selection based on specified criteria established to best meet the needs of the City. Invitations for bids, requests for proposals, and requests for qualifications and experience are examples of competitive procurement processes.

(E) “Construction projects” and “public projects” mean those public projects as defined in California Public Contract Code Section 22002.

(F) “Contract” is synonymous with “agreement” and, regardless of which term is used, means a written agreement between the City and a vendor, including a purchase order issued to a vendor, for the procurement or disposition of goods, materials, equipment, supplies, and services.

(G) “Contractor” includes vendor and means any person who has entered into a contract with the City.

(H) “Designee” means any person to whom the Procurement Officer delegates authority under this chapter.

(I) “Director of Finance” shall mean that individual who is appointed to that position and in their absence, the City Manager shall act as the Director of Finance, subject to PMC section 3.02.070.

(J) “Eligible local provider” shall mean a local provider who is an otherwise responsible bidder and responsive to the City’s procurement solicitation.

(K) “Local provider Palmdale” shall mean a manufacturer, supplier, or provider of goods, materials, equipment, supplies, or services that has an established place of business within the City of Palmdale, which has complied with City of Palmdale business license requirements, and which has paid all currently due business license fees and taxes prior to the City’s solicitation for the respective purchase.

(L) “Materials” means all property, including, but not limited to, equipment and supplies, but does not include land, a permanent interest in land, or leases of real property.

(M) “Procurement” and “procure” mean the acquisition of materials or services, professional services, or construction projects by the City, including but not limited to purchasing, renting, or leasing, and all functions and procedures pertaining to

such acquisitions, such as a description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

(N) “Procurement Officer” means the Director of Finance or their designee. The Procurement Officer shall manage the City’s Purchasing Office to procure goods, materials, equipment, supplies, and services for the City.

(O) “Proposal” means any response to a City solicitation for proposals.

(P) “Purchasing Office” means the division in the Finance Division that handles the procurement process to procure goods, materials, equipment, supplies and services for the City.

(Q) “Services” means the furnishing of labor, time, or effort by a contractor.

(R) “Solicitation” means an invitation for bids, a request for technical offers, a request for proposals, a request for qualifications, a request for quotations, or any other invitation or request by which the City invites a person to participate in a procurement.

(S) “Using department” means any office, department, commission, board or other agency of the City using goods, materials, equipment, supplies or services. (Ord. 1599 § 1 (Exh. A), 2022; Ord. 1398 § 2 (Exh. A), 2010; Ord. 1347 § 1, 2008. Formerly 3.08.030)

SECTION 4. The existing text of PMC Section 3.08.080 is hereby amended to read as follows:

3.08.080 Procurement officer duties and authority.

(A) The Director of Finance is hereby designated as the Procurement Officer of the City. The Director of Finance may delegate procurement authority to any designee, as well as such other duties and functions as may be required.

(B) Except as specifically exempted herein, upon the Director of Finance’s designation of a separate Procurement Officer, that Procurement Officer shall have authority to:

(1) Procure, purchase, and contract for all goods, materials, equipment, supplies, and services required by any using department in accordance with purchasing procedures prescribed by this chapter;

(2) Negotiate and recommend execution of contracts for the purchase of goods, materials, equipment, supplies, and services;

(3) Act to procure for the City the needed quality in goods, materials, equipment, supplies, and services at least expense to the City;

(4) Discourage collusive bidding and endeavor to obtain as full and open competition as possible on all purchases;

(5) Prepare and recommend to the Director of Finance rules governing purchasing, maintaining an inventory, and warehousing of goods, materials, equipment, supplies and services of the City;

(6) Keep informed of current developments in the fields of purchasing, prices, market conditions and new products;

(7) Prescribe and maintain such forms as are reasonably necessary to the operation of this chapter and other rules and regulations;

(8) Be responsible for the inspection of all goods, materials, equipment, supplies, and services purchased to ensure conformance with specifications and, where necessary, to require chemical and physical tests of samples submitted with bids and samples of deliveries to determine their quality and conformance with specifications; and

(9) Maintain a vendors list of qualified vendors and contractors. (Ord. 1599 § 1 (Exh. A), 2022; Ord. 1398 § 2 (Exh. A), 2010; Ord. 1347 § 1, 2008. Formerly 3.08.050)

SECTION 5. The existing text of PMC Section 3.08.090 is hereby amended to read as follows:

3.08.090 Delegation to other departments.

(A) The Director of Finance may authorize, in writing, any using department to purchase and contract for specified goods, materials, equipment, supplies, and services independently of the Central Purchasing Office; but the Director of Finance shall require that such purchases and contracts be made in conformity with the procedures established by this chapter, and shall further require periodic reports from the using department on the purchases and contracts made under such written authorization.

(B) Contracts to implement the capital improvement program and for construction services for public projects shall be procured by the Director of Public Works/designee in cooperation with the Finance Director/Procurement Officer and in compliance with the requirements of this chapter and the Palmdale Charter. For contracts to be procured by the Public Works Department, the references in this chapter to the separately designated Procurement Officer's authority and duties shall apply to the Director of Public Works/Designee unless, by mutual agreement

between the departments, the Director of Finance agrees to perform such tasks. (Ord. 1599 § 1 (Exh. A), 2022; Ord. 1398 § 2 (Exh. A), 2010; Ord. 1347 § 1, 2008. Formerly 3.08.060)

SECTION 6. The existing text of PMC Section 3.08.130 is hereby amended to read as follows:

3.08.130 Bid protest procedures/solicitations.

All protests regarding a solicitation must be submitted in writing to the Procurement Officer. This includes all protests relating to advertising of the solicitation notice, deadlines, or proposal opening, as well as any protest relating to alleged improprieties with the solicitation process. To be considered valid, the protest must be submitted in writing by an authorized representative of the contractor and (1) specify the grounds upon which the protest is based and (2) come from a bidder who claims to be the successful bidder. A protest will not be considered valid if filed by a bidder who cannot show they would be awarded the contract if their protest were accepted.

(A) Bidders who have submitted a bid proposal are permitted to challenge the City's intent to award a contract. A bidder shall have five business days after the issuance of the notice of intent to award (NOIA) to file a protest. A protest must include:

(1) The name, address, and telephone number of the protester.

(2) The signature of the protester or its representative.

(3) Identification of the project and the solicitation or contract number.

(4) A detailed statement of all the grounds for the protest, including, without limitation, all facts, supporting documentation, legal authorities, and arguments in support of the grounds for the protest, including providing copies of all relevant documents. All factual contentions must be supported by competent, admissible, and credible evidence. Any matters not set forth in the written protest shall be deemed waived. Any protest not conforming to these procedures shall be rejected as invalid.

(5) The form of relief requested.

Failure to protest within the time allotted shall constitute a waiver of any protest.

(B) The Procurement Officer shall review the merits and timeliness of the protest and issue a written decision to the respondent within seven calendar days of receipt of the protest.

(C) The respondent may appeal the decision of the Procurement Officer to the Director of Finance by filing a letter of appeal within 10 calendar days from the date of the Procurement Officer's decision. The letter must be addressed to the Director of Finance and set forth the information required in subsection (A) of this section. A letter of appeal not conforming to these procedures shall be rejected as invalid.

(D) The Director of Finance shall review the merits and timeliness of the letter of appeal and shall issue a written decision to the respondent within 14 calendar days of receipt of the letter of appeal. The decision of the Director of Finance is final. However, the decision is reviewable under the California Code of Civil Procedure Section 1094.5 et seq. The time in which judicial review of the decision must be sought shall be governed by California Code of Civil Procedure Section 1094.6, or as such section may be amended from time to time. (Ord. 1599 § 1 (Exh. A), 2022)

SECTION 7. The existing text of PMC 3.08.140 is hereby amended to read as follows:

3.08.140 Exceptions to competitive procurement requirements.

(A) Specified Professional Services. The procurement of services from specified professional classifications, without regard to the dollar amount of the contract, is exempt from the competitive process but shall be selected based on qualifications. Such services include, but are not limited to, financial services, actuaries, psychologists, medical doctors, entertainers and performers, specialty services required for parks and recreation programs, claims consultants, insurance brokers, attorneys-at-law, and consultants and experts used during the ongoing course of litigation in which the City, Successor Agency of Redevelopment Agency, Housing Authority, or any of the boards, commissions, officers or employees are involved. The Director of Finance shall have the authority to approve similar professional classifications exempt from competitive procurement requirements.

(B) Sole Source. Where the Director of Finance determines that the materials or services are unique and available only from one source, so that the quotation procedure required by this section would be meaningless, or where it would be undesirable or impossible for the City to solicit bids for a particular work, a contract may be let to a sole source. Sole source procurements may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area, or a specified product that the Director of Finance determines to be the only product that is acceptable. The basis upon which this determination is made shall be supported by written documentation signed by the requesting department head and provided to the Director of Finance. No sole source purchases may be made where to do so would show favoritism, improvidence, extravagance, fraud, or corruption or result in the waste of public funds, but may be used only to obtain the best economic result for the public.

(C) City's Best Interest. Except where competitive bidding is required by Federal law or by reason of the source of funding for the project, goods, materials, equipment, supplies, and services may be procured by negotiated contract and without competition when the Director of Finance determines that, due to the nature of the supplies or equipment, bidding is not likely to serve the best interests of the City or to result in the lowest price.

(D) Cooperative Purchasing. The Central Purchasing Office may participate in, sponsor, conduct, or administer cooperative purchasing with other public agencies and with nonprofit groups or organizations established by public entities for the purpose of cooperative purchasing, provided that competitive purchasing procedures similar to those required in the City of Palmdale are employed. Such participation may also consist of the following:

(1) Purchasing goods, materials, equipment, supplies, or services through contracts or bid award lists of others, provided that competitive purchasing procedures similar to those required in the City were employed to create such contracts or bid award lists.

(2) Purchasing supplies and equipment through Federal programs when authorized by City Council.

(3) Participating in joint or cooperative sale or disposal of City property.

(E) Competitive Procurement. Any procurement for goods that are procured from a bidder who offers the same or better price, terms and conditions as the bidder previously offered as the lowest responsive bidder under a competitive procurement conducted by the City or another public agency under competitive purchasing procedures similar to those required in the City; provided, that, in the opinion of the Director of Finance, it is in the best interest of the City to do so.

(F) Technology – Owner. Procurement of a renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items procured are from the owner/developer of the software/hardware or from a sole source provider and the Director of Finance is satisfied that the best price, terms and conditions have been negotiated.

(G) Technology – Reseller. Procurement of a renewal of maintenance, license(s), support or a similar need for existing technology systems, including hardware, and the items procured are from a vendor/reseller that was originally selected based on the City's procurement standards; provided, that (1) the vendor has been used continuously since such selection, (2) there are no substantive changes to the procurement and (3) when it is determined by the Director of Finance to be in the best interests of the City to do so.

(H) City Equipment Repair. Procurement of parts and/or service for repairs to City equipment, which includes City vehicles and other motorized fleet related equipment.

(I) Emergencies. The City Manager, Assistant City Manager, or Director of Finance may execute contracts without the use of a competitive method without prior approval of the City Council when procurements are (1) for goods, materials, equipment, supplies, or services that are required to remedy an exigent situation where the health, safety, welfare or quality of welfare of the public or public property is endangered or severely reduced if immediate corrective or preventive action is not taken, (2) to prevent or minimize serious disruption in City services, or (3) in the reasonable opinion of the City Manager, Assistant City Manager, or Director of Finance, whenever the best interests of the City is served. The Procurement Officer/Designee shall implement procedures to meet these requirements and, when practicable, conduct an open market procurement for the award of an emergency contract. Any emergency purchases made in excess of the City Manager's threshold authority shall be submitted to City Council for approval as soon as practicable. (Ord. 1599 § 1 (Exh. A), 2022; Ord. 1398 § 2 (Exh. A), 2010; Ord. 1347 § 1, 2008. Formerly 3.08.080)

SECTION 8. The existing text of PMC Section 3.08.170 is hereby amended to read as follows:

3.08.170 Public works projects and construction projects.

Except where specifically exempted from such laws by ordinance of the City Council, contracts for construction projects in the City shall be governed by applicable State laws, including the California Public Contract Code, Division 2, Part 1 and Division 2, Part 3, the Local Agency Public Construction Act, including the Alternate Provisions of the Uniform Public Construction Cost Accounting Act, which are hereby adopted for use in the City. Contracts for construction shall also be governed by the current edition of the standard specifications for public works construction and the latest supplement thereto, adopted by the Greenbook Committee of the Public Works Standards, Inc., or other standards required depending on the project, except as otherwise provided by the City Council or the Procurement Officer if the contract is within his/her authority.

(A) Bidding Thresholds.

(1) Construction projects less than the amount specified in Section 22032(a) (currently $60,000 or less) of the California Public Contract Code may be performed by City forces, by negotiated contract or by purchase order.

(2) Construction projects less than the amount specified in Section 22032(b) (currently $200,000 or less) of the California Public Contract Code may be let to

contract by informal bidding procedures set forth in subsection (D) of this section, to the lowest responsible bidder.

(3) Construction projects of more than the amount specified in Section 22032(c) (currently $200,000 and over) of the California Public Contract Code shall be let by formal bidding procedure, set forth in subsection (E) of this section, to the lowest responsible bidder.

(4) It shall be unlawful to split projects into smaller work orders or projects for the purpose of evading the provisions of this chapter or applicable state laws.

(5) After the effective date of any contract approved by the City Council for work on a public project, the City Manager shall have the authority to approve in writing any amendment or change order directing an addition, deletion, or revision in such contract, including, without limitation, plans, specifications, and the nature or quantity of services, equipment, supplies or work, so long as the cumulative dollar value of all such change orders relating to any one contract shall not exceed 15 percent of the contract price unless City Council has authorized a different change order amount for a specific contract.

(B) Bidder's Security. A bidder's security in an amount equal to at least 10 percent of the amount of the bid shall be submitted with a bid. Bidders shall be entitled to return of bid security, provided that a successful bidder shall forfeit its bid security upon refusal or failure to execute the contract within the time specified in the invitation to bid unless the City is responsible for the delay. The City may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsive bidder. If the City awards the contract to the next lowest responsive bidder, the amount of the lowest bidder's security shall be applied by the City to the difference between the lowest bid and the next lowest bid, if any, and the surplus, if any, shall be returned to the lowest bidder.

(C) Registering With the City's Electronic Bid Management System. All prospective bidders must be registered as a vendor with the City's electronic bid management system to access all notice inviting bids and solicitation documents, including any attachments.

(D) Notice Inviting Bids, Informal Bidding. The notice inviting bids shall describe the project in general terms and how to obtain more detailed information about the project and state the time and place for the submission of bids. Notice shall be provided in accordance with either subsection (D)(1) or (2) of this section, or both.

(1) The Central Purchasing Office or the Public Works Department, through the City's electronic bid management system, shall maintain a list of qualified contractors, identified according to categories of work. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice

inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subsection shall be completed not less than 10 calendar days before bids are due.

(2) The Central Purchasing Office or the Public Works Department may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in Section 22036 of the California Public Contract Code.

(3) If all the bids received are in excess of $200,000, the City Council may, by adoption of a resolution by a four-fifths vote, award the contract, at $212,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

(E) Notice Inviting Bids, Formal Bidding. The notice inviting bids shall distinctly state the project to be done. Notice shall be provided as set forth in subsection (E)(1) of this section.

(1) Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the City. The notice inviting formal bids shall also be sent electronically by either facsimile or electronic mail through the City's electronic bid management system and mailed to all construction trade journals specified in Section 22036 of the California Public Contract Code. The notice shall be sent at least 14 calendar days before the date of opening the bids.

(2) Additional Notice. In addition to the notice required by subsection (E)(1) of this section, the City may also give such other notice as it deems proper, including mailing or emailing the notice to prospective vendors and contractors whose names are or are not on the City's vendors list.

(F) Bid Submittals and Opening Procedure. All bids shall only be submitted electronically through the City's electronic bid management system unless otherwise specified in the notice inviting bids. Paper-sealed bids shall not be accepted. Bids shall be opened and evaluated on the City's electronic bid management system. After the completion of the evaluation and scoring process, the City will issue an update on its electronic bid management system, changing the award status to pending, and will indicate the successful bidder, bid amount, and date of the applicable City Council meeting where the contract will be recommended for award.

(G) Award of Bid. The City Manager, or designee, has the authority to award informal bids up to the amount specified in PMC 3.08.240. Any informal bid over the threshold set forth in PMC 3.08.240 shall be awarded by City Council. All

formal bids shall only be awarded by the City Council. A bid shall be awarded to the lowest responsible bidder.

(H) Rejection of Bids. Any and all bids may be rejected at the discretion of the City. If the City intends to reject all bids, the Procurement Officer/designee must mail notice of the City's intent to reject the bid at least two business days prior to the City Council meeting at which the bids will be considered. After rejecting all bids, the City may:

(1) Abandon the project;

(2) Re-advertise the project; or

(3) By a passage of a resolution by a four-fifths vote of the City Council, perform the work with City forces. (Ord. 1599 § 1 (Exh. A), 2022)

SECTION 9. The existing text of PMC Section 3.08.240 is hereby amended to read as follows:

3.08.240 Approval of purchase orders, contracts, contract amendments, and change orders.

(A) The approval authority for all purchase orders, contracts, contract amendments, and change orders shall be set forth as follows:

(1) The City Manager shall have the authority to review, approve, and execute, on behalf of the City, all purchase orders or contracts for the purchase or acceptance of goods, materials, supplies, and services in an amount not exceeding $125,000 per purchase order or contract, so long as the proper procurement procedures set forth in this chapter have been followed.

(2) All purchase orders or contracts in excess of $125,000 or change orders that cause the total contract or purchase order to exceed $125,000 shall be submitted to the City Council for approval.

(3) The City Manager shall have the authority and discretion, up to the amount authorized under subsection (A)(1) of this section, to delegate the authority to review, approve, and execute contracts, purchase orders, contract amendments, and change orders of goods, materials, supplies, and services to specific department representatives based on the needs of the organization.

The department representative exercising such authority given above shall ensure that the total of all contracts, purchase orders, contract amendments, and change

orders does not exceed their delegated authority on a single contract or purchase order per fiscal year period, so long as the proper procurement procedures set forth in this chapter have been followed.

(B) For contracts under $125,000, the City Manager shall have the authority to approve in writing any change order directing an addition, deletion, or revision to such purchase orders or contracts; however, in no event shall the sum total of the purchase order or contract, including all such change orders, exceed $125,000 per purchase order or contract. Any change order in which a contract or purchase order will exceed $125,000 will require City Council approval.

(C) After the effective date of any contract approved by the City Council for the purchase of services, equipment or supplies, the retention of professional services, or work on a public project, the City Manager shall have authority to approve in writing any amendment or change order directing an addition, deletion or revision in such contract, including, without limitation, plans, specifications, and the nature or quantity of services, equipment, supplies or work, so long as the cumulative dollar value of all such change orders relating to any one contract shall not exceed 15 percent of the original contract price unless City Council has authorized a different change order amount for a specific contract.

(D) Any change order exceeding the limitations set forth in subsection (C) of this section shall be submitted to the City Council for approval in the form of a contract amendment or supplemental agreement. Such amendment or supplemental agreement shall set forth the amended contract price, which will constitute the new contract price for purposes of the authority for City Manager-approved change orders or amendments in accordance with subsection (A) of this section. (Ord. 1599 § 1 (Exh. A), 2022; Ord. 1542 § 1, 2020; Ord. 1440 § 1, 2013; Ord. 1425 § 1, 2011; Ord. 1398 § 2 (Exh. A), 2010; Ord. 1347 § 1, 2008. Formerly 3.08.210, 3.08.220)

SECTION 10. This Ordinance is exempt from the California Environmental Quality Act ("CEQA") under CEQA Guidelines 15378, 15061(b)(3), 15183, and Public Resources Code Section 21083.3(e).

(A) Under CEQA Guidelines Section 15061(b)(3), CEQA review is not required because there is no possibility that this Ordinance may have a significant effect upon the environment.

(B) Under CEQA Guidelines Section 15378, the proposed amendments are not a project under CEQA because they will not cause a "direct physical change in the environment" or a "reasonably foreseeable indirect physical change in the environment" because they do not authorize any specific development activity or promote new construction or growth.

(C) Any potential indirect physical change in the environment is speculative and not reasonably foreseeable in light of the administrative changes set forth in this Ordinance.

SECTION 11. This Ordinance will become effective immediately upon adoption.

PASSED, APPROVED and **ADOPTED** this 21st day of August, 2024.

_____
Austin Bishop, Mayor

APPROVED AS TO FORM:

_____
William P. Curley, III
City Attorney

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing Ordinance was duly introduced, passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ effective on the ____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, City Clerk

City Council Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **NEIGHBORHOOD SERVICES**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-075, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO APPLY FOR AND ACCEPT THE LOS ANGELES COUNTY COUNCIL OF GOVERNMENTS INTERIM HOUSING (IH) SERVICES FUND**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-075, a Resolution of the City Council of the City of Palmdale to apply for and accept the Los Angeles County Council of Governments Interim Housing (IH) Services Fund; and,

2. Authorize the City Manager or her designee to execute any documents related to the application, acceptance, and implementation of approved grant programs and projects of the Los Angeles County Council of Governments Interim Housing (IH) Services Fund.

BACKGROUND

Homelessness is a regional crisis. As such, one of the top priorities of the Chief Executive Office's Homeless Initiative (CEO-HI) is to continue strengthening the collaboration between Los Angeles County and diverse stakeholders, including the County's 88 cities. The County Board of Supervisors ("Board") recognizes the importance of supporting cities and Councils of Governments (COG) across the County to strengthen the region's homeless housing and services system. As such, the Board directed the Chief Executive Office Homeless Initiative (CEO-HI) to create a $10 million Cities and Councils of Governments Interim Housing Services (CCOGIHS) Fund to support services at interim housing projects located in local jurisdictions to create a pathway for People Experiencing Homelessness (PEH) to secure permanent housing.

The County was allocated State of California Homeless Housing, Assistance, and Prevention Program Round 3 (HHAP 3) funding which provides flexible block grant

funds to Continuums of Care, large cities with populations of 300,000 and above, and counties to build on the regional coordination created through previous California Homeless Coordinating and Financing Council grant funding and supports local jurisdictions in their unified regional responses to reduce and end homelessness. On November 2, 2021, the Board approved allocating $10 million of the County's HHAP 3 funds to the CCOGIHS Fund. The IH Services Fund is allocated on a yearly basis.

DISCUSSION

Advancing Communities Together (ACT) is developing IH, the Palmdale Dream Village, a tiny home development. The Dream Village, through Case Management and Services (Program), supports disproportionately impacted individuals with goals of having a safe place to rest with standards of dignity, purpose, and a solid foundation on which to begin their transition from unhoused to stable and productive residents of Palmdale. The Program aims to increase the involvement of unhoused individuals and offer them a chance to be part of a supportive and transformative environment that helps them work toward stability. This will involve leveraging their strengths, resilience, and community support to achieve their personal goals. Palmdale's Dream Village aligns with the City's Homelessness Plan and related initiatives, aiming to offer safe and supportive housing conditions, comprehensive wraparound services, and workforce development programs.

The Antelope Valley does not have a COG structure in place; therefore, the CEO-HI is working directly with the cities in the Antelope Valley. The City of Palmdale has submitted an application for fiscal year 2024-2025 for $584,000 to sub-grant to ACT for the operation of the Palmdale Dream Village Interim Housing.

This project will be a vital resource, providing stability and support to up to 60 individuals annually as they transition from crisis to stable housing. The Program will include trauma-informed care, de-escalation strategies, and consistent engagement to ensure that each resident is treated with dignity and respect. The goal is to communicate and advocate for everyone to seek stability while addressing any challenges and barriers in their lives.

FISCAL IMPACT

$584,000; IH Services Fund of $584,000 from the Los Angeles County Council of Governments will be allocated to account 24225001.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

C. Pursue alternative financing opportunities for continued infrastructure improvements and quality community programs.

Prepared by:	Sophia Reyes, Director of Neighborhood Services
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Reso. No. CC 2024-075

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-075

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO APPLY FOR AND ACCEPT THE LOS ANGELES COUNTY COUNCIL OF GOVERNMENTS INTERIM HOUSING (IH) SERVICES FUND

WHEREAS, Homelessness is a regional crisis. As such, one of the top priorities of the Chief Executive Office's Homeless Initiative (CEO-HI) is to continue strengthening the collaboration between the County and diverse stakeholders, including the 88 cities in Los Angeles County. The Los Angeles County ("County") Board of Supervisors ("Board") recognizes the importance of supporting cities and Councils of Governments ("COGs") across the County to strengthen the region's homeless housing and services system. As such, the Board directed the Chief Executive Office Homeless Initiative ("CEO-HI") to create a $10 million Cities and Councils of Governments Interim Housing Services ("CCOGIHS") Fund to support services at interim housing projects located in local jurisdictions to create a pathway for people experiencing homelessness ("PEH") to secure permanent housing; and

WHEREAS*,* The County was allocated State of California Homeless Housing, Assistance, and Prevention Program Round 3 ("HHAP 3") funding. HHAP 3 provides flexible block grant funds to Continuums of Care, large cities with populations of 300,000 and above, and counties to build on the regional coordination created through previous California Homeless Coordinating and Financing Council grant funding and supports local jurisdictions in their unified regional responses to reduce and end homelessness. On November 2, 2021, the Board approved allocating $10 million of the County's HHAP 3 funds to the CCOGIHS Fund. The Interim Housing Services Fund is allocated on a yearly basis; and

WHEREAS*,* Advancing Communities Together (ACT) is developing Interim Housing, the Palmdale Dream Village is a tiny home development. The Dream Village, through Case Management and Services (Program), supports disproportionately impacted individuals with goals of having a safe place to rest with standards of dignity, purpose, and a solid foundation on which to begin their transition from unhoused to stable and productive residents of Palmdale. The Program aims to increase the involvement of unhoused individuals and offer them a chance to be part of a supportive and transformative environment that helps them work toward stability. This will involve leveraging their strengths, resilience, and community support to achieve their personal goals. Palmdale's Dream Village aligns with the City's Homelessness Plan and related initiatives, aiming to offer safe and supportive housing conditions, comprehensive wraparound services, and workforce development programs; and

WHEREAS*,* The Antelope Valley does not have a Council of Governments structure in place, therefore, the CEO-HI is working directly with the cities in the Antelope Valley. The City of Palmdale has submitted an application for fiscal year 2024-2025 for $584,000 to sub-grant to ACT for the operation of the Palmdale Dream Village Interim Housing.

WHEREAS*,* This project will be a vital resource, providing stability and support to up to 60 individuals annually as they transition from crisis to stable housing. The Program will include trauma-informed care, de-escalation strategies, and consistent engagement to ensure that each resident is treated with dignity and respect. The goal is to communicate and advocate for everyone to seek stability while addressing any challenges and barriers in their lives.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City of Palmdale authorizes the application and, if approved, the acceptance of the Los Angeles County Local Solutions Funds of $584,000 for fiscal year 2024-2025 and funding allocated in subsequent years.

SECTION 2. The City Manager or her designee is authorized and empowered to execute, in the name of the City of Palmdale, all necessary documents including, but not limited to, ratification, submission of applications, agreements, amendments, requests for payment, and reports. This is necessary to secure Los Angeles County Council of Governments Regional Homelessness Coordination and Local Solutions Funds, and to implement approved grant programs and projects.

SECTION 3. These authorizations are effective for four (4) years from the date of adoption of this resolution

SECTION 4. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED, and ADOPTED this 21st day of August, 2024.

Approved as to form:

_____
William P. Curley, III
City Attorney

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 21st day of August, 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____

Rochelle Scott, City Clerk

City Council Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT**
ECONOMIC DEVELOPMENT DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-076, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT, ESTABLISH THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING, AND GIVING NOTICE OF SUCH PUBLIC MEETING AND PUBLIC HEARING**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-076, a Resolution of the City of Palmdale declaring its intention to renew the Palmdale Tourism Improvement District (PTID), establishing a public meeting date of September 18, 2024, establishing a public hearing date of October 16, 2024, and giving notice of such public meeting and public hearing; and,

2. Authorize the City Manager or her designee to execute any document related to the renewal of the PTID.

BACKGROUND

In California, Tourism Improvement Districts (TID) are primarily formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. The key difference between TIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TID.

TID benefits include:

- They are customized to fit the needs of each destination;
- They allow for a wide range of services, including destination marketing, tourism promotion, and sales lead generation;

- They are designed, created, and governed by those who pay the assessment;
- They provide a stable funding source for tourism promotion; and,
- Funds cannot be diverted for other government programs.

Since creation of the PTID in 2021, lodging businesses have been self-assessed monthly with funds dedicated to increasing overnight stays during typically slower days (holidays and weekends) by helping to market Palmdale as a tourist, meeting and event destination.

Renewal of the PTID would continue to build upon the partnership between the City and the hotels in Palmdale to create additional tourism and visitor opportunities that both visitors and residents can enjoy. By continuing to utilize funds to host signature events, enhance tourism attractions, develop additional destinations, and make infrastructure improvements tourism and business travel would continue to increase, which would positively impact hotels, restaurants, and entertainment businesses.

DISCUSSION

Hotel owners and managers throughout Palmdale request to renew the PTID for an additional nine-year, eight-month term. Continued programs will include the attraction of special events, building upon existing partnerships that support regional and local events and programs, and improving infrastructure.,. All services provided by the PTID are intended to attract visitors and generate room nights for Palmdale hotels.

Hotel business owners are requesting that the PTID be renewed to continue a revenue source devoted to marketing Palmdale as a tourist, meeting and event destination. If renewed, the PTID would generate approximately $1,375,000 annually for the promotion of travel and tourism to the City.

The self-assessment rate is two percent of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than 30 consecutive days or stays of any officer or employee of a foreign government who is exempt by federal law or international treaty.

The City will collect the self-assessment from each lodging business located within the PTID boundaries and distribute the assessment to Visit Palmdale, which will be responsible for managing PTID programs as provided in the Management District Plan. The Management District Plan also includes the boundary of the PTID, a service plan, budget, and means of governance. The PTID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City.

If the Resolution of Intention is approved, the next steps are as follows:

August 29, 2024	NOTICE The Property and Business Improvement Law of 1994 requires the City to mail a written notice to the owners of all lodging businesses that will be assessed within the PTID. Mailing the notice begins a mandatory 45-day period in which owners may protest PTID renewal.
September 18, 2024	PUBLIC HEARING Allow public testimony on the renewal of the PTID and levy of assessments. No Council action is required.
October 16, 2024	FINAL PUBLIC HEARING If written protests are received from the owners of businesses in the PTID which will pay more than 50% of the assessments proposed to be levied, no further proceedings will be taken for a period of one year from the date of the finding of a majority protest by the Council. Following the public hearing, if the Council decides to renew the PTID, the Council must adopt a Resolution of Formation.

FISCAL IMPACT

$0; There is no fiscal impact associated with this action. If the renewal of the PTID is approved at a later meeting, the City will receive a fee of one percent of the total amount collected to cover the costs of administration.

In addition, during the current PTID's management, lodging businesses have reported increased weekend and holiday stays. As such, renewal of the PTID will likely continue to contribute toward increased transient occupancy tax and sales tax revenues as PTID programs are intended to increase visitation to the City.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

D. Develop and maintain diverse programs and events that inspire growth, pride and lifelong learning.

Prepared by:	Luis Garibay, Director of Economic and Community Development
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Reso No. CC 2024-076
Palmdale Tourism and Improvement District Management District Plan
Petition forms in support of Tourism Improvement District Renewal

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-076

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT, ESTABLISH THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING, AND GIVING NOTICE OF SUCH PUBLIC MEETING AND PUBLIC HEARING

WHEREAS, the City of Palmdale created the Palmdale Tourism Improvement District (PTID) on October 5, 2021, through Resolution No. CC 2021-096; and

WHEREAS, the PTID was established for a five-year term which expires on October 31, 2026; and

WHEREAS, 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 promoting tourism; and

WHEREAS, Visit Palmdale, lodging business owners, and representatives from the City of Palmdale have met to consider the renewal of the PTID; and

WHEREAS, Visit Palmdale has drafted a Management District Plan (MDP) which sets forth the boundary of the PTID, a service plan, budget, and means of governance; and

WHEREAS, the PTID renewal includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City; and

WHEREAS, lodging businesses that will pay more than 50% of the assessment under the PTID have petitioned the City Council to renew the PTID; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The City Council hereby finds as follows:

A. The City Council finds that lodging businesses that will pay more than 50% of the assessment proposed in the MDP have signed and submitted petitions supporting the renewal of the PTID. The City Council accepts the petitions and adopts this Resolution of Intention to renew the PTID and to levy an assessment on certain lodging businesses within the PTID boundaries in accordance with the Property and Business Improvement District Law of 1994.

B. The City Council finds that the MDP satisfies all requirements of Streets and Highways Code § 36622.

C. The City Council declares its intention to renew the PTID and to levy and collect assessments on lodging businesses within the PTID boundaries pursuant to the Property and Business Improvement District Law of 1994.

D. The PTID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City as shown in the map attached as Exhibit A.

E. The name of the district will continue to be PTID.

F. The annual assessment rate is two percent of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than 30 consecutive days or stays of any officer or employee of a foreign government who is exempt by federal law or international treaty.

G. The assessments levied for the PTID must be applied toward sales, marketing and communications, and destination development programs to market assessed lodging businesses in Palmdale as tourist, meeting, and event destinations, as described in the MDP. Funds remaining at the end of any year may be used in subsequent years in which PTID assessments are levied as long as they are used consistent with the requirements of this Resolution and the MDP.

H. The renewed PTID will have a nine-year, eight-month term, beginning November 1, 2026, and ending on June 30, 2036, unless renewed pursuant to Streets and Highways Code § 36660.

I. Bonds will not be issued.

J. The time and place for the public meeting to hear testimony on renewing the PTID and levying assessments is set for September 18, 2024, at 5:00 pm, or as soon

thereafter as the matter may be heard, at the Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA 93550.

K. The time and place for the public hearing to renew the PTID and the levy of assessments is set for October 16, 2024, at 5:00 pm, or as soon thereafter as the matter may be heard, at the Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA 93550. The City Clerk is directed to provide written notice to the lodging businesses subject to an assessment 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 August 29, 2024.

L. At the public meeting and hearing the testimony of all interested persons for or against the renewal of the PTID may be received. If at the conclusion of the public hearing, there is record of written protests by the owners of the lodging businesses within the proposed PTID that will pay more than 50% of the estimated total assessment of the PTID, no further proceedings to establish the PTID will occur for a period of one year.

M. The complete MDP is on file with the Department of Economic and Community Development and may be reviewed upon request.

N. This resolution shall take effect immediately upon its adoption by the City Council.

SECTION 3. The City Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 21st day of August, 2024.

_____
Austin Bishop, Mayor

Approved as to form:

ATTEST:

_____
William P. Curley, III
City Attorney

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 21st day of August, 2024, by the following roll call vote:

AYES: _____

NOES:_____

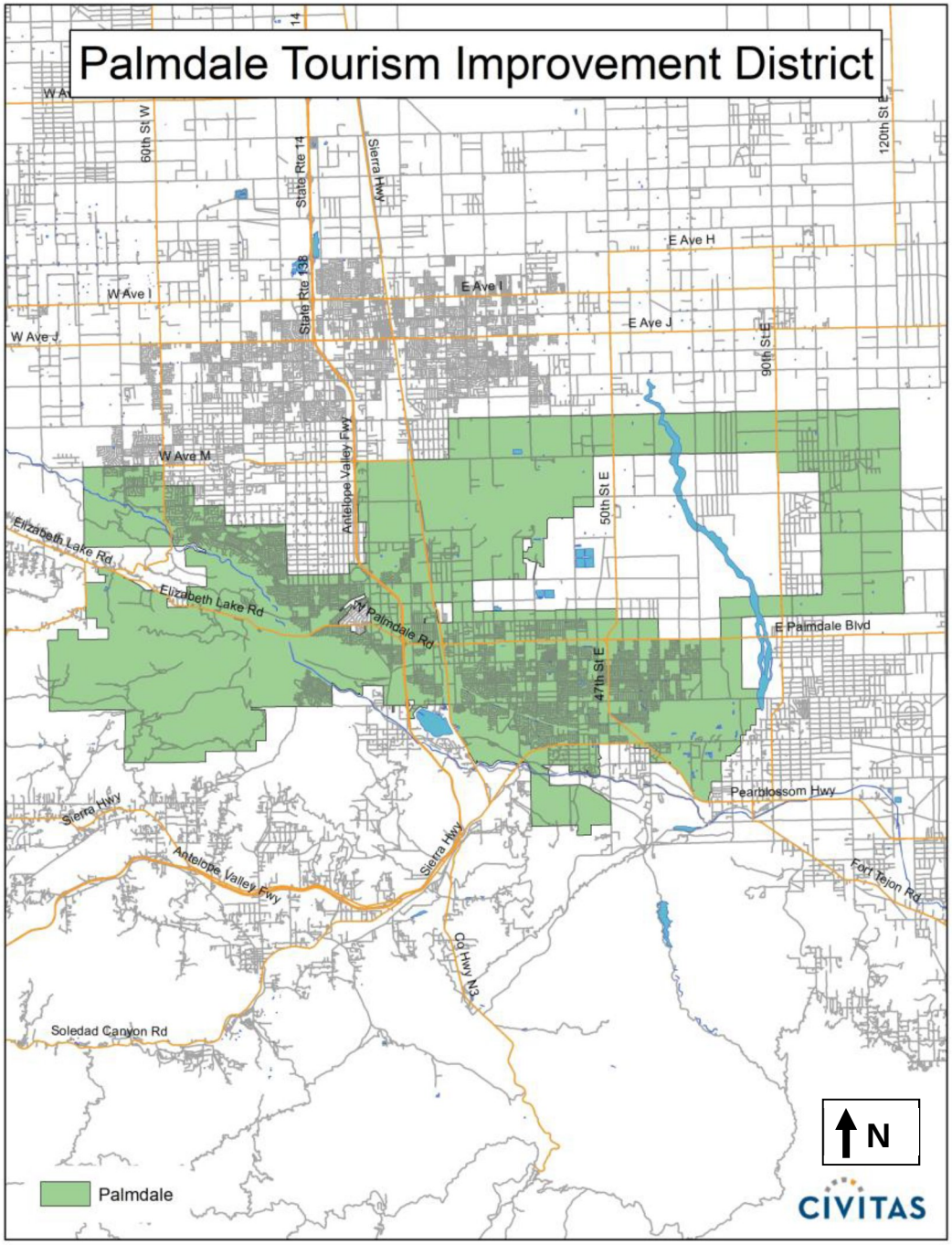
ABSTAIN:_____ABSENT:_____

Date: _____ _____

Rochelle Scott, City Clerk

EXHIBIT A

Palmdale Tourism Improvement District Boundary Map





PALMDALE TOURISM IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.

July 10, 2024

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DRAFT

Prepared by

(800) 999-7781
www.civitasadvisors.com

I. OVERVIEW

Developed by Palmdale lodging businesses and the City of Palmdale (City), the Palmdale Tourism Improvement District (PTID) is an assessment district proposed to continue to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The PTID was created in 2021 for a five (5) year term. Visit Palmdale (VP) and Palmdale lodging businesses now wish to renew the PTID for an additional nine (9) year and eight (8) month term.

Location: The renewed PTID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Palmdale, as shown on the map in Section IV.

Services: The PTID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Sales, marketing & communications, and destination development programs will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

Budget: The total PTID annual assessment budget for each full fiscal year (July 1 – June 30) of operation is anticipated to be approximately $1,375,000. The initial "year" of operations will be a partial year consisting of eight (8) months, with an anticipated assessment budget of $1,001,000. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, and as lodging businesses open and close.

Cost: The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days or stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

Collection: The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, interest, and overdue charges) from each lodging business located in the boundaries of the PTID. The City shall take all reasonable efforts to collect the assessments from each lodging business.

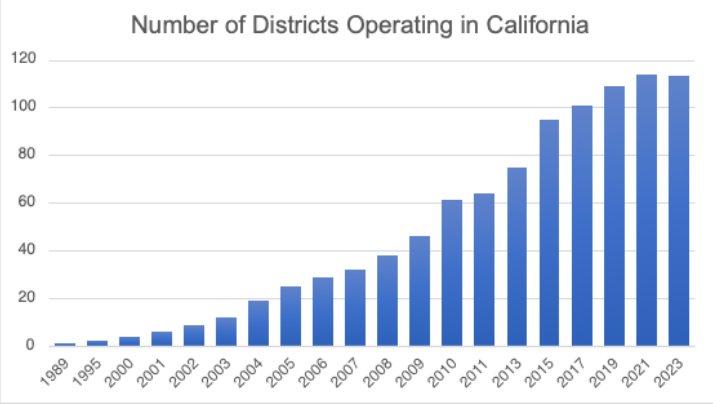
Duration: The renewed PTID will have a nine (9) year and eight (8) month life, beginning November 1, 2026, or as soon as possible thereafter, and ending nine (9) years and eight (8) months from its start date. After nine (9) years and eight (8) months, the PTID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if assessed business owners support continuing the PTID programs.

Management: Visit Palmdale (VP) shall continue to serve as the PTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan and must provide annual reports to the City Council.

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II. BACKGROUND

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model – Illinois, Minnesota, Massachusetts, Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TID. Additionally, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TIDs without a state law.



California's TIDs collectively raise over $300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Palmdale lodging businesses continue to invest in stable, commerce-specific marketing programs.

TIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TIDs allow tourism business owners to organize their efforts to increase commerce. Lodging business owners within the TID pay an assessment and those funds are used to provide services that increase commerce.

In California, most TIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TIDs:

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

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III. ACCOMPLISHMENTS

Since the inception of the PTID, large strides have been taken to further Palmdale's position in the tourist economy with the intention to drive overnight visitation to assessed businesses. The PTID has embarked on a collaborative journey, partnering with U.S. Air Force Plant 42, the AV Walls Public Art Program, the Palmdale Amphitheater, the AV Fair, and the Aerospace Valley Air Show. Amidst these efforts, Visit Palmdale successfully launched the High Desert Beer and Wine Festival at the Palmdale Amphitheater, drawing enthusiastic crowds to drive overnight visitation to assessed businesses. Concurrently, the PTID focused on refining Palmdale's brand identity with Simpleview and revamping the Visit Palmdale website, aiming to enhance the PTID's online presence. Looking ahead, the PTID is anticipating the launch of its first visitor's guide, marking another milestone in Palmdale's ongoing development as a destination.

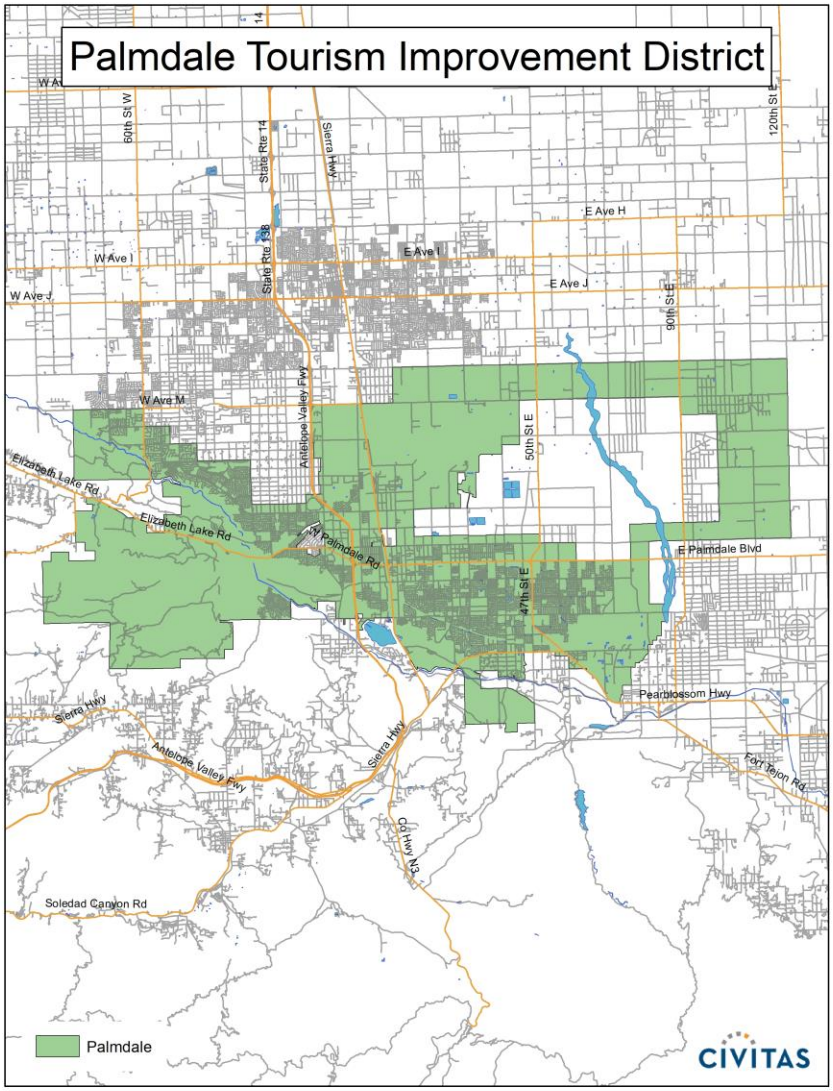
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IV. BOUNDARY

The PTID will include all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Palmdale, as shown in the map below.

Lodging business means: any structure, or any portion of any such structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

A complete listing of assessed lodging businesses within the renewed PTID can be found in Appendix 2.

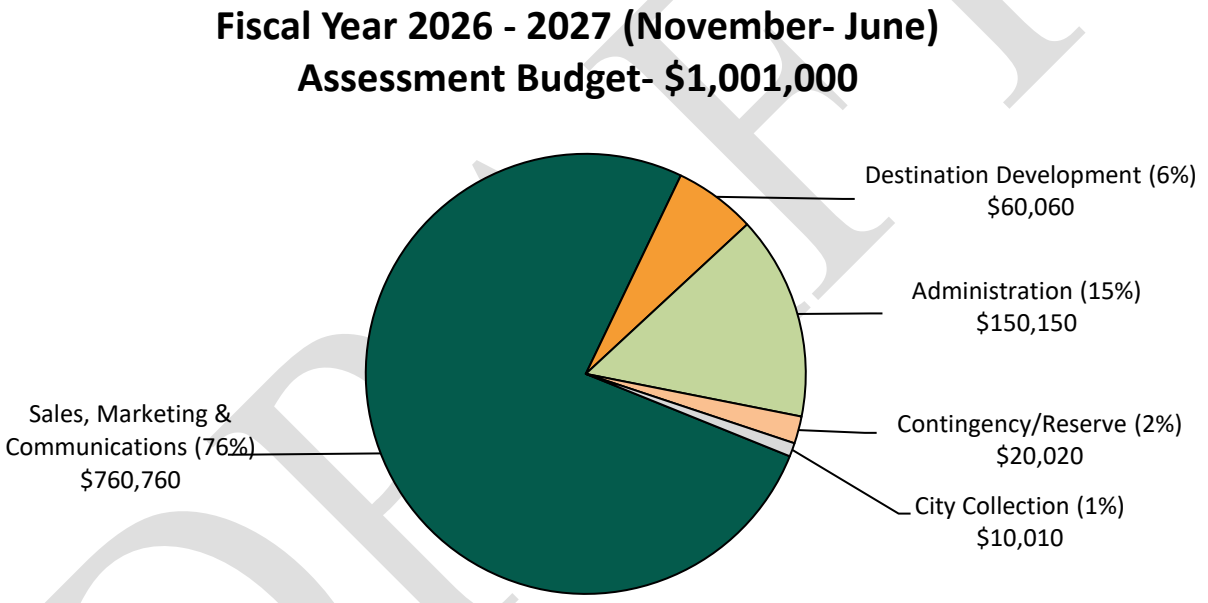


V. ASSESSMENT BUDGET AND SERVICES

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 conferring the benefits or granting the privileges. The privileges and services provided with the PTID funds are sales, marketing & communications and destination development programs available only to assessed businesses.

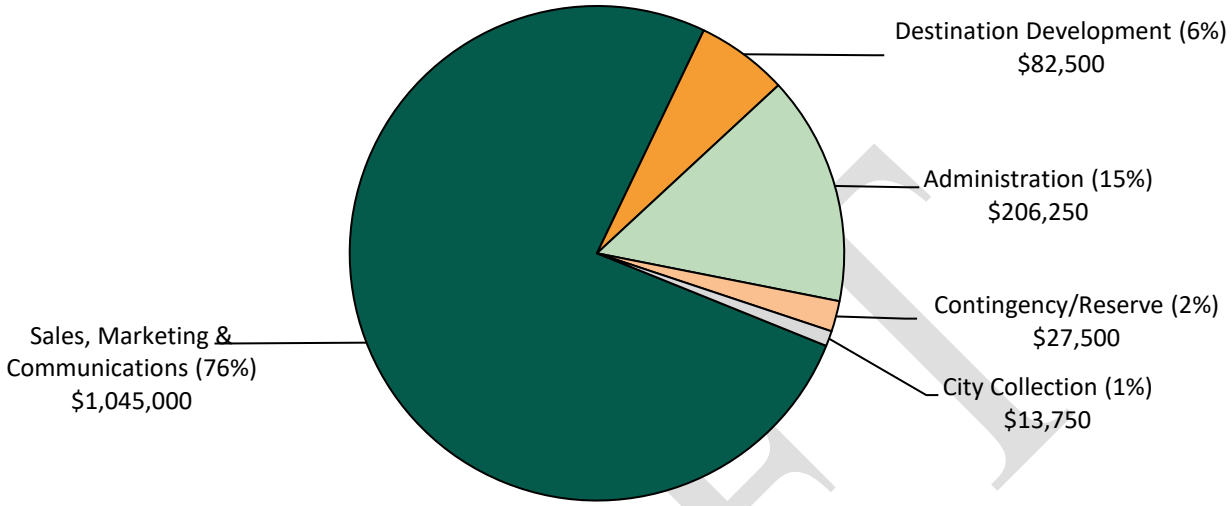
A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget will be developed and approved by VP. The chart below illustrates the initial annual assessment budget for the fiscal year November 1, 2026 – June 30, 2027, which covers the initial eight (8) month period of the PTID. These activities and allocations will also apply in sequent years.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. The chart below illustrates the annual assessment budget for fiscal year two (July 1, 2027 - June 30, 2028). However, the City and the VP board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) 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 PTID, any and all assessment funds may be used for the costs of defending the PTID.

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Fiscal Year 2027/2028 (July - June)
Assessment Budget- $1,375,000



Each budget category includes all costs related to providing that service. For example, the sales and marketing budget may include project management, graphic design, promotional materials, media buys, staff time dedicated to overseeing and implementing the sales and marketing program, as well as other related costs and services. The costs of an individual staff member may be allocated to multiple budget categories.

Sales, Marketing, and Communications

A sales, marketing and communications program will promote assessed businesses as tourist, meeting, and event destination. The sales, marketing and communications program will have a central theme of promoting the destination as a desirable place for overnight visits. The program will have the goal of increasing demand for overnight visitation and sales at assessed businesses, and may include the following activities:

- Development of a marketing plan to ensure district funds are strategically spent to market assessed businesses;
- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation to assessed businesses;
- Content development for photoshoots and video shoots for digital promotion, featuring assessed businesses to drive overnight visitation and sales to assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, visitor guides, promotional items, postcards, flyers and maps featuring assessed businesses;
- Advertising targeted at potential visitors to drive overnight visitation and sales to assessed businesses;
- Implementation of a public relations and communications strategy, inclusive of social media outlets and press release distribution designed to drive overnight visitation and increase sales at assessed businesses;

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- Attendance and sponsorship of trade shows, professional industry conferences, and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists, business travelers, and group events to assessed businesses;
- Familiarization tours of assessed businesses;
- Visitor Service programs and enhancements, such as kiosks and Visitor Centers, that will enhance the visitor experience;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Joint partnerships with local businesses as well as local and state tourism organizations to increase overnight visitation at assessed businesses; and
- Development of Visitor Studies and Return on Investment (ROI) analysis on effectiveness of district funds to improve effectiveness and increase demand for overnight visitation at assessed businesses.

Destination Product Development
The Destination Project Development projects may include:

- Infrastructure improvements, acquisition and/or site development that enhance the destination's competitive position to attract visitors, filming, sporting events, and special events year-round, to increase sales at assessed businesses;
- Comprehensive and integrated wayfinding signage system and/or banner program targeted to increase demand for visitation and increase sales at assessed businesses; and
- Other programs and activities that will enhance the visitor experience to increase sales at assessed businesses.

Administration and Operations
The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, audits, legal, and accounting fees.

Contingency/Reserve
The budget includes a contingency line item to account for uncollected assessments, or higher than anticipated program costs, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program or administration costs at the discretion of the Board. 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 Board of the Owners' Association. Additionally, in the event there are contingency/reserve funds remaining near the end of the PTID's term, contingency/reserve funds may be used for the cost of renewing the PTID.

City Collection Fee
The City shall retain a fee equal to one percent (1%) of the amount of assessments collected, to cover collection and administration costs.

B. Annual Budget

The total PTID annual assessment budget for each full fiscal year (July 1 – June 30) of operation is anticipated to be approximately $1,375,000. The initial "year" of operation will be a partial year consisting of eight (8) months, with an anticipated assessment budget of $1,001,000. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate

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as room sales do, and as businesses open and close. The total assessment budget for the entire nine (9) year and eight (8) month term of the PTID is anticipated to be approximately $13,376,000.

The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

C. California Constitutional Compliance

The PTID 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 PTID 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 PTID, 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 Palmdale 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 PTID. The activities described in this Plan are specifically targeted to increase demand for room night sales for assessed lodging businesses within the boundaries of the City of Palmdale, and are narrowly tailored. PTID funds will be used exclusively to provide the specific benefit of increased demand for room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in PTID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses. Nothing in this Plan limits the ability of the Owners' Association to enter into private contracts with non-assessed lodging businesses for the provision of services to those businesses.

The assessment imposed by this PTID 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 demand for room night sales. The specific benefit of an increase in demand for room night sales for assessed lodging businesses will be provided only to lodging businesses paying the district assessment, with sales, marketing & communications and destination development programs promoting lodging businesses paying the PTID assessment. The sales, marketing & communications and destination development programs will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the sales, marketing & communications and destination development programs that specifically benefit the assessed lodging businesses, the administration and contingency services also provide the specific benefit of increased demand for room night sales to the assessed lodging businesses.

[1] *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

[2] Cal. Const. art XIII C § 1(e)(1)

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Although the PTID, 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 PTID 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

PTID 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 PTID, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from PTID-funded activities, be featured in advertising campaigns, and benefit from other PTID-funded services. Non-assessed lodging businesses will not receive these, nor any other, PTID-funded services and benefits.

The PTID-funded programs are targeted directly to benefit assessed businesses. PTID funds shall only be spent to benefit the assessed businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

D. Assessment

The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days or stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the businesses within the PTID, with costs allocated based on the proportional benefit conferred to each business. Activities funded by the PTID, are specifically targeted to increase room nights at assessed businesses. All room night sales do not represent the same benefit to the payors. For example, a higher priced room night is of greater benefit than a lower priced room night 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 a percentage of revenue has been selected. The proposed formula accurately reflects greater benefit to assessed businesses with higher priced room nights.

[3] Government Code § 53758(a)
[4] Cal. Const. art XIII C § 1(e)(2)
[5] Government Code § 53758(b)
[6] Government Code § 53758(b)

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The term "gross room rental revenue" as used herein means: the consideration charged for the occupancy of space in a hotel, valued in money, not including other changes such as destination fees, resort fees, reservation fees, forfeited deposits, cancelation fees, attrition fees, no-show fees, parking fees, internet fees, roll-a-way beds fees, early and/or late checkout fees, or any other charges or fees (existing or in the future).

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. If the PTID assessment is identified separately it shall be disclosed as the "PTID Assessment." As an alternative, the disclosure may include the amount of the PTID assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the "Tourism Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for calculation of transient occupancy taxes.

Bonds shall not be issued.

E. Interest and Overdue Charges

The PTID shall reimburse the City of Palmdale for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent PTID assessment are sought to be recovered in the same collection action by the City, the PTID shall bear its pro rata share of such collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency:* Any lodging business owner who fails to remit any assessment imposed by this section within the time required shall pay a overdue charge of 10 percent (10%) of the amount of the unpaid assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business owner who 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 overdue charge of 10 percent (10%) of the amount of unpaid assessment, in addition to the amount of the assessment and the 10 percent (10%) overdue charge first imposed.
3. *Fraud:* If the City determines that the nonpayment of any remittance due under this section is due to fraud, an overdue charge of 25 percent (25%) of the amount of the assessment shall be added thereto in addition to the overdue charge stated in this section.
4. *Interest:* In addition to the overdue charge imposed, any lodging business owner who fails to remit any assessment imposed by this section shall pay interest at the rate of one and one-half percent (1.50%) per month or fraction thereof on the amount of unpaid assessment, exclusive of overdue charges, from the date on which the remittance first became delinquent until paid.
5. *Overdue Charges Merged with Assessment:* Every overdue charge imposed and such interest as accrued under the provisions of this chapter shall become a part of the assessment herein required to be paid.

F. Time and Manner for Collecting Assessments

The PTID assessment will be implemented beginning November 1, 2026, or as soon as possible thereafter, and ending nine (9) years and eight (8) months from its start date. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, interest and overdue charges) from each lodging business located in their respective jurisdictions. The City shall take all

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reasonable efforts to collect the assessments from each lodging business. The City shall forward the assessments collected to the Owners' Association.

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VI. 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 PTID as defined in Streets and Highways Code §36612. The City Council has determined that VP will continue to serve as the Owners' Association for the PTID. VP shall be comprised of up to (7) directors as follows:

i. A majority of the Directors shall be owners or owner representatives of businesses paying the Palmdale Tourism Improvement District (PTID) assessment.
ii. At least one (1) Director shall be an owner or owner representative of a lodging business with 100 rooms or less.
iii. Two (2) Directors shall be representatives from the City of Palmdale, (1) from the Palmdale City Council and one (1) City Representative.
iv. At least one (1) Director shall be a representative of a non-lodging business in hospitality or tourism sector located in the City of Palmdale.

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 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 or 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.

C. Annual Report

VP 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.

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APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2023 SUPPLEMENT ***
(ALL 2022 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

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

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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.

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

Lodging Business*	Business Address
Best Western	600 W Palmdale Blvd, Palmdale, CA 93551
Courtyard by Marriott	530 W Rancho Vista Blvd, Palmdale, CA 93551
Doubletree	300 W Palmdale Blvd, Palmdale, CA 93551
Element Hotel	39325 Trade Center Drive, Palmdale, CA 93551
Embassy Suites	39375 5th St W, Palmdale, CA 93551
Palms Inn & Suites	430 W Palmdale Blvd, Palmdale, CA 93551
Fairfield Inn & Suites	1052 W Ave O-8, Palmdale, CA 93551
Hampton Inn & Suites	9428 Trade Center Dr, Palmdale, CA 93551
Hilton Garden Inn	1309 W Rancho Vista Blvd, Palmdale, CA 93551
Holiday Inn	38630 5th St W, Palmdale, CA 93551
Home2 Suites	38750 5th St W, Palmdale, CA 93551
Motel 6	407 West Palmdale Blvd, Palmdale, CA, 93551
OYO Hotel	217 E Palmdale Blvd, Palmdale, CA 93550
Palm Motel	38535 6th St E, Palmdale, CA 93550
Red Roof Inn	200 W Palmdale Blvd, Palmdale, CA 93551
Residence Inn by Marriot	514 West Avenue P, Rancho Vista Blvd, Palmdale, CA 93551
Sherwood Motel	1331 E Palmdale Blvd, Palmdale, CA 93550
Staybridge Suites Palmdale	420 W Park Dr, Palmdale, CA 93550

**List as of July 2024*

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PETITION TO THE CITY OF PALMDALE
TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT

We petition you to initiate proceedings to renew the Palmdale Tourism Improvement District 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 & Address	**Business Owner**
Courtyard by Marriott - Palmdale	CNI THL OPS LLC
530 W. Rancho Vista Blvd.	
Palmdale, CA. 92551	

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.

Randy Miranda	Area Managing Director
Owner /Owner Representative Name (printed)	Title
	7/10/2024
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:

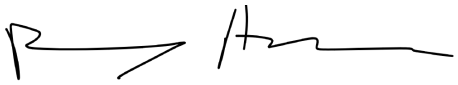
Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

PETITION TO THE CITY OF PALMDALE
TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT

We petition you to initiate proceedings to renew the Palmdale Tourism Improvement District 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 & Address	**Business Owner**
EMBASSY SUITES PALMDALE	Palmdale Lodging ASS.
39375 5th ST W, Palmdale, CA 93551	

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.

Ramy Ammar	General Manager
Owner /Owner Representative Name (printed)	Title
	8/8/24
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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

EXHIBIT A

MANAGEMENT DISTRICT PLAN SUMMARY

Location: The renewed Palmdale Tourism Improvement District (PTID) includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Palmdale, as shown on the map inluded herein.

Services: The PTID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Sales, marketing & communications, and destination development programs will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

Budget: The total PTID annual assessment budget for each full fiscal year (July 1 – June 30) of operation is anticipated to be approximately $1,375,000. The initial "year" of operations will be a partial year consisting of eight (8) months, with an anticipated assessment budget of $1,001,000. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, and as lodging businesses open and close.

Cost: The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days or stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

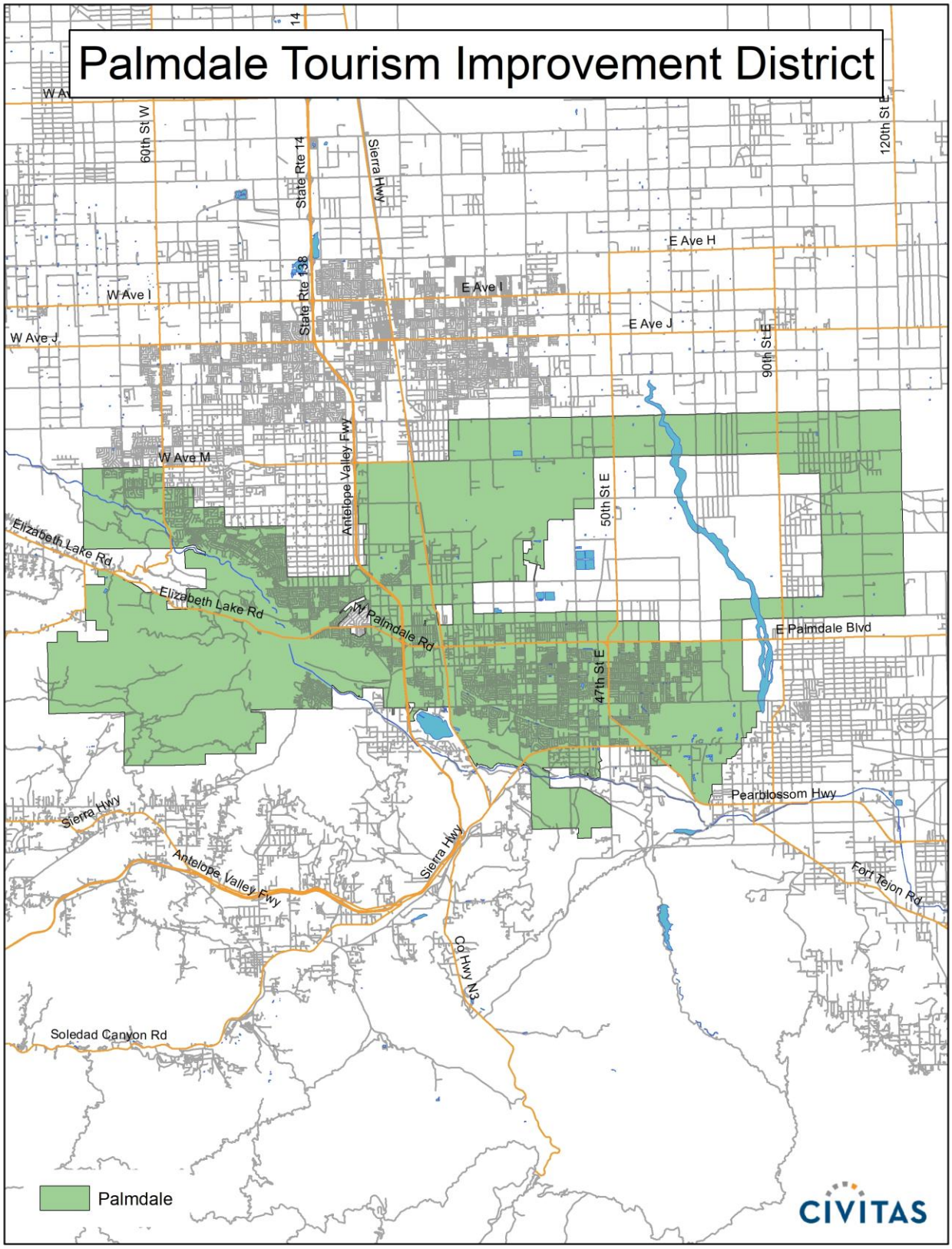
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Duration: The renewed PTID will have a nine (9) year and eight (8) month life, beginning November 1, 2026 or as soon as possible thereafter, and ending nine (9) years and eight (8) months from its start date. After nine (9) years and eight (8) months, the PTID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. if assessed business owners support continuing the PTID programs.

Management: Visit Palmdale shall continue to serve as the PTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs, and must provide annual reports to the City Council.

EXHIBIT A

MANAGEMENT DISTRICT PLAN SUMMARY



PETITION TO THE CITY OF PALMDALE
TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT

We petition you to initiate proceedings to renew the Palmdale Tourism Improvement District 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 & Address	**Business Owner**
1309 W Rancho Vista Blvd., Palmdale, CA 93551	HilVentures, LP

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.

Hilventures, LP	Authorized Representative
Owner /Owner Representative Name (printed)	Title
By: [signature]	7/16/2024
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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

EXHIBIT A

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Budget: The total PTID annual assessment budget for each full fiscal year (July 1 – June 30) of operation is anticipated to be approximately $1,375,000. The initial "year" of operations will be a partial year consisting of eight (8) months, with an anticipated assessment budget of $1,001,000. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, and as lodging businesses open and close.

Cost: The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days or stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

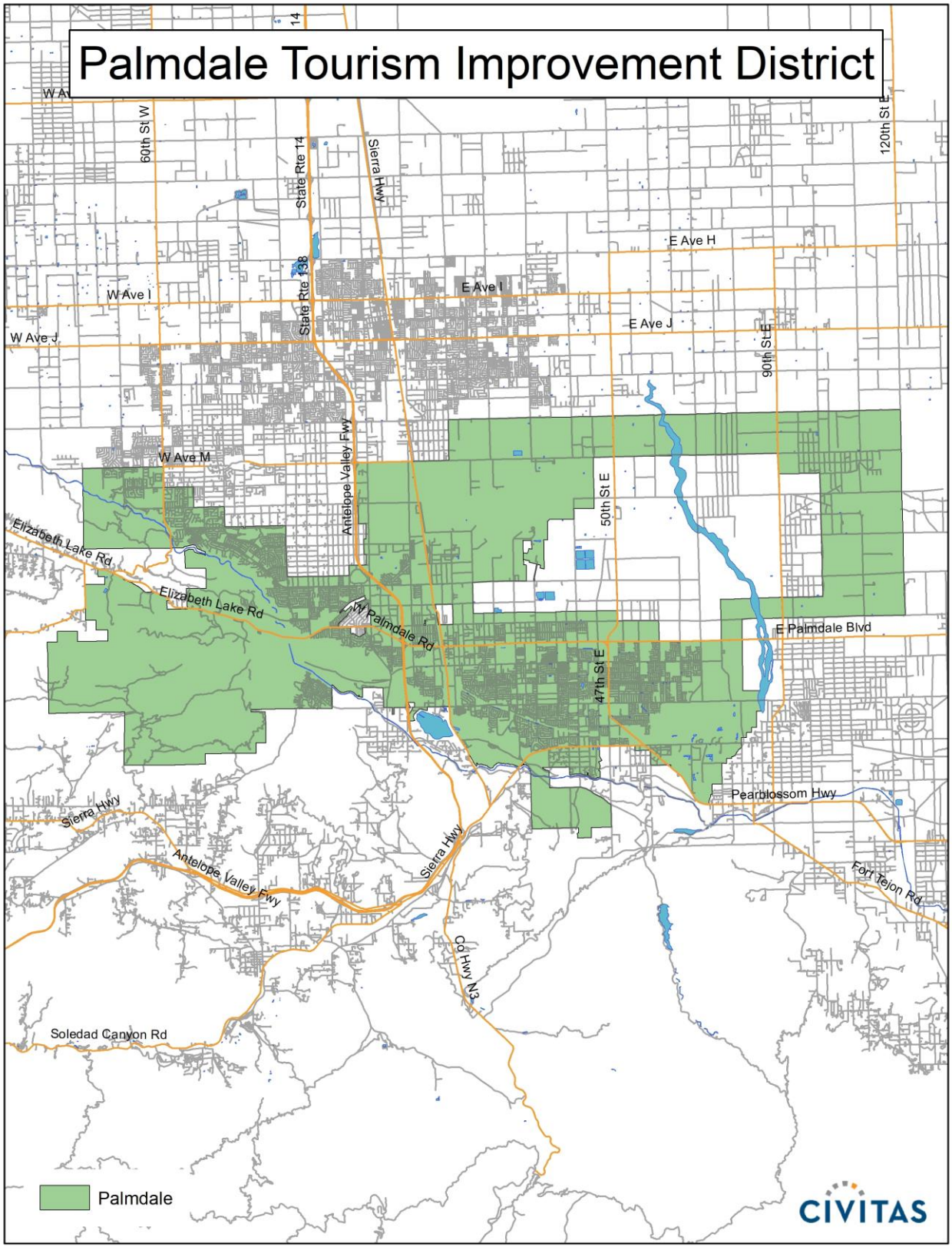
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Management: Visit Palmdale shall continue to serve as the PTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs, and must provide annual reports to the City Council.

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Business Establishment & Address	**Business Owner**
Holiday Inn Palmdale	Palmdale Park, LLC
38630 5th St W	38630 5th St W
Palmdale, CA 93551	Palmdale, CA 93551

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.

Rory Casalla	General Manager
Owner /Owner Representative Name (printed)	Title
Rory Casalla	8/7/2024
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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

EXHIBIT A

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Budget: The total PTID annual assessment budget for each full fiscal year (July 1 – June 30) of operation is anticipated to be approximately $1,375,000. The initial "year" of operations will be a partial year consisting of eight (8) months, with an anticipated assessment budget of $1,001,000. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, and as lodging businesses open and close.

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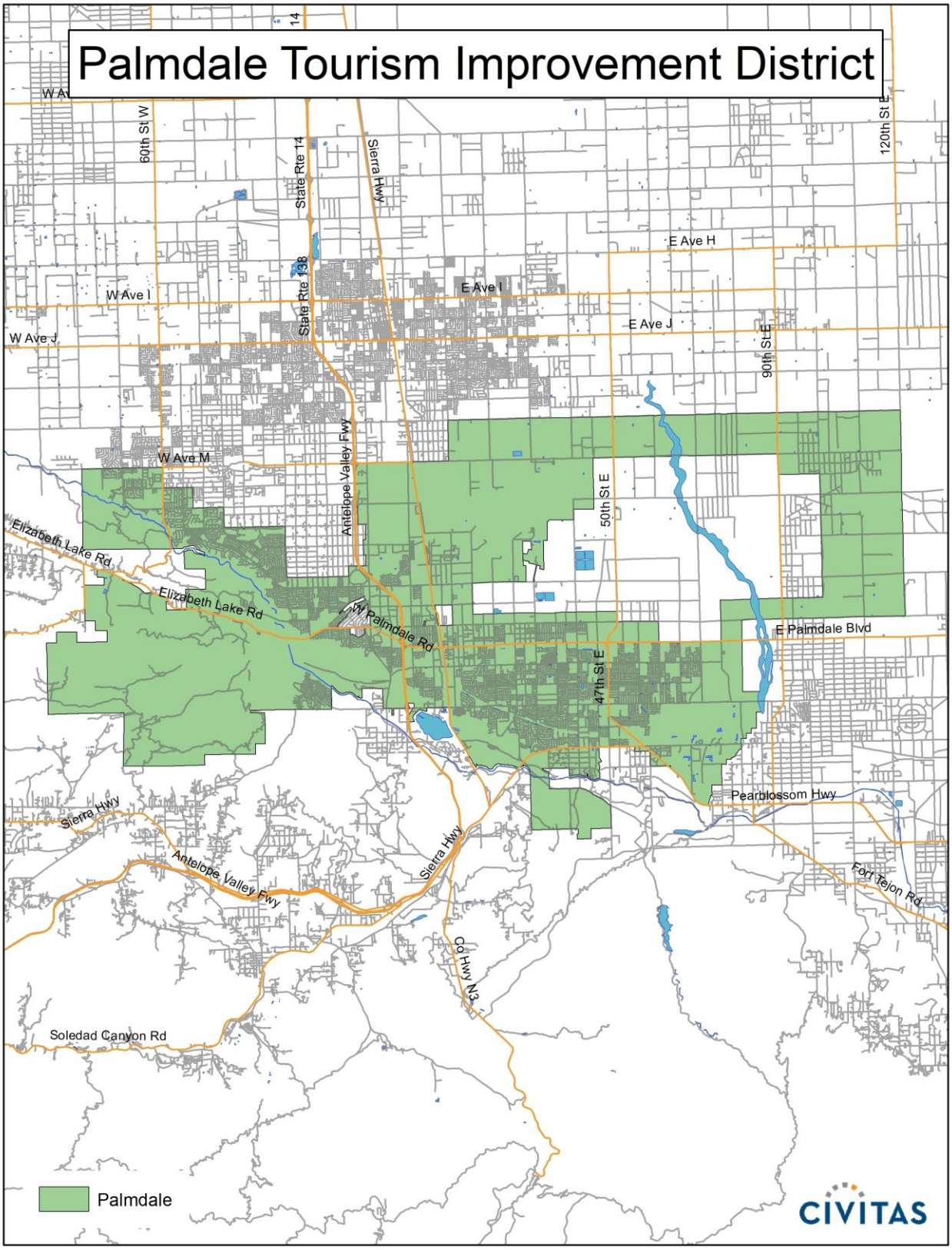
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Business Establishment & Address	**Business Owner**
HOME 2 SUITES PALMDALE 38750 5TH ST WEST PALMDALE CA 93551	SETHI

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.

JANA HERNANDEZ	GENERAL MANAGER
Owner /Owner Representative Name (printed)	Title
Owner/Owner Representative Signature	7/18/24 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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

EXHIBIT A

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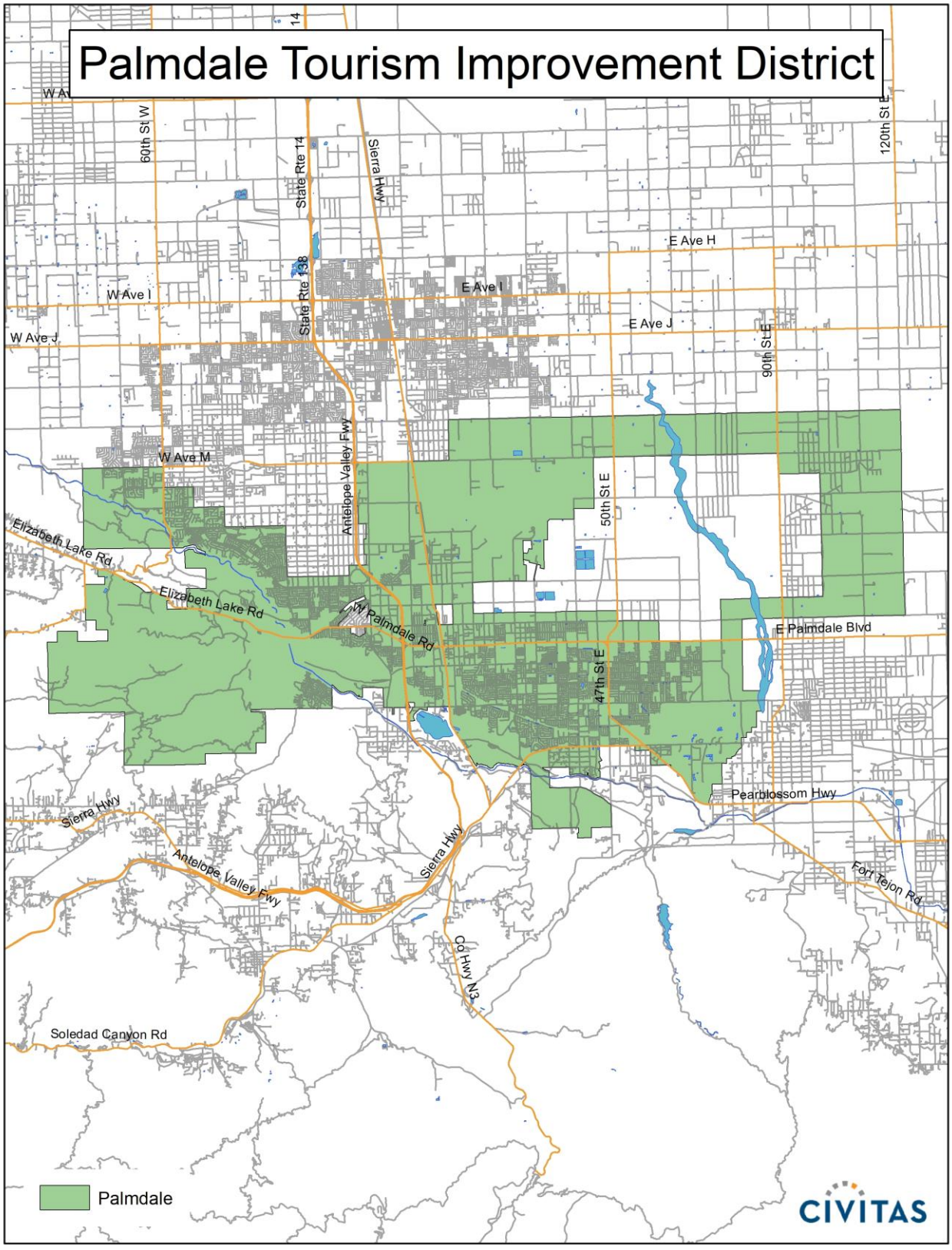
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Business Establishment & Address	**Business Owner**
Residence Inn by Marriott - Palmdale Lancaster	CNI THL OPS LLC
514 W. Rancho Vista Blvd	
Palmdale, CA. 93551	

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.

Randy Miranda	Area Managing Director
Owner /Owner Representative Name (printed)	Title
	7/10/2024
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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

PETITION TO THE CITY OF PALMDALE
TO RENEW THE PALMDALE TOURISM IMPROVEMENT DISTRICT

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Business Establishment & Address	**Business Owner**
Staybridge Suites	General Manager
420 West Park Dr.,	
Palmdale, CA 93551	

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.

KASANDRA CHACÓN	General Manager
Owner /Owner Representative Name (printed)	Title
[signature]	8/2/2024
Owner/Owner Representative Signature	Date

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Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

PETITION TO THE CITY OF PALMDALE
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Business Establishment & Address	**Business Owner**
DOUBLETREE	
300 W. PALMDALE BLVD	
PALMDALE, CA 93551	

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.

MELISSA MAGALLANES — Owner /Owner Representative Name (printed)

GENERAL MANAGER — Title

Owner/Owner Representative Signature

7/18/2024 — 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:

Visit Palmdale
Megan Taggart
38300 Sierra Highway
Palmdale, CA 93550
(661) 443-2781

City Council Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **4**

SUBJECT: **NOTICE OF COMPLETION – ACCEPT PUBLIC STREETS AND LANDSCAPE IMPROVEMENTS FOR TRACT 73068 LOCATED AT PALMDALE BOULEVARD AND OAK STREET**

RECOMMENDATION

Staff recommends that the City Council:

1. Accept the Notice of Completion (NOC) for completed public streets and landscape improvements for Tract 73068 located at Palmdale Boulevard & Oak Street; and,

2. Authorize the City Manager or her designee to file an NOC and release the security for the completed public streets and landscape improvements.

BACKGROUND

This project, located east of Caltrans right-of-way on Palmdale Boulevard and Oak Street (52nd Street East), constructed public street and landscape improvements within Tract 73068 and the existing City's right-of-way on Palmdale Boulevard. Improvements included 38 streetlights, two drainage basin pumps, one basin, streets, irrigation, and landscaping. Said public improvements have been installed per the approved construction plan, inspected, and approved by City Public Works inspection staff.

DISCUSSION

The NOC is being brought forth in accordance with Section 16.110.060 of the Palmdale Municipal Code. This Council action will accept the public streets and landscape improvements as complete and initiate the City's release of applicable securities posted for this project per the City's subdivision regulation.

The required public streets and landscape improvements for the project are listed in Exhibit A and shown in Exhibit B and have been completed to the satisfaction of the City

Engineer as required in the Subdivision/Development Improvement Agreement between the developer and the City. After the developer fulfills a one-year maintenance period, the improvements along Palmdale Blvd. and within Tract 73068 will be transferred from the developer to the City.

FISCAL IMPACT

$59,781; The estimated additional maintenance and administrative costs are $59,781 annually. The landscaping annual maintenance valuation is $32,102.50, and the streetlight annual maintenance valuation is $27,678.50. Both sets of improvements have been incorporated into Community Facilities District (CFD) 2022-1, Citywide Maintenance and Services, Annexation No. 1. The maintenance and administrative costs are expected to be sustained by the annual levy and cost recovery provided within the annexation documents.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Hamed Hashemian, P.E., Deputy Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

NOC 21-31
Exh A List of Completed Public Improvements
Exh B Site Map Location
Site Photo

RECORDING REQUESTED BY:

CITY OF PALMDALE

WHEN RECORDED MAIL TO:

CITY OF PALMDALE
OFFICE OF THE CITY CLERK
38300 SIERRA HIGHWAY, SUITE C
PALMDALE, CA 93550

Space above this line is for Recorder's Use

NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, is hereby given that:

1. The undersigned is owner or corporate officer of the interest or estate stated below in the property hereinafter described.
2. The full name of the owner is City of Palmdale, a Municipal Corporation.
3. The full address of the owner is 38300 Sierra Highway, Palmdale, CA 93550.
4. The nature of interest or estate of the owner is: **Streets and Landscape Maintenance District Improvements-TR73068.**
5. A work of improvement on the property hereinafter described was completed on **July 16, 2024**
6. The work done was: "**Streets and Landscape Maintenance District Improvements-TR73068**",
7. The name of the Contractor for such work of improvement: **Maison's Palmdale Blvd. 170, LP.**
8. The property on which said work of improvement was completed is in the City of Palmdale, County of Los Angeles, State of California, and is described as follows: **Palmdale Boulevard and Oak Street.**
9. The address of said property is: **Tract 73068.**

Dated: **August 21, 2024**

CITY OF PALMDALE

Hamed Hashemain, P.E., Deputy Director of Public Work

VERIFICATION

I, the undersigned, say: I am the Interim Director of Public Works, the declarant of the foregoing notice of completion; I have read the said notice of completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

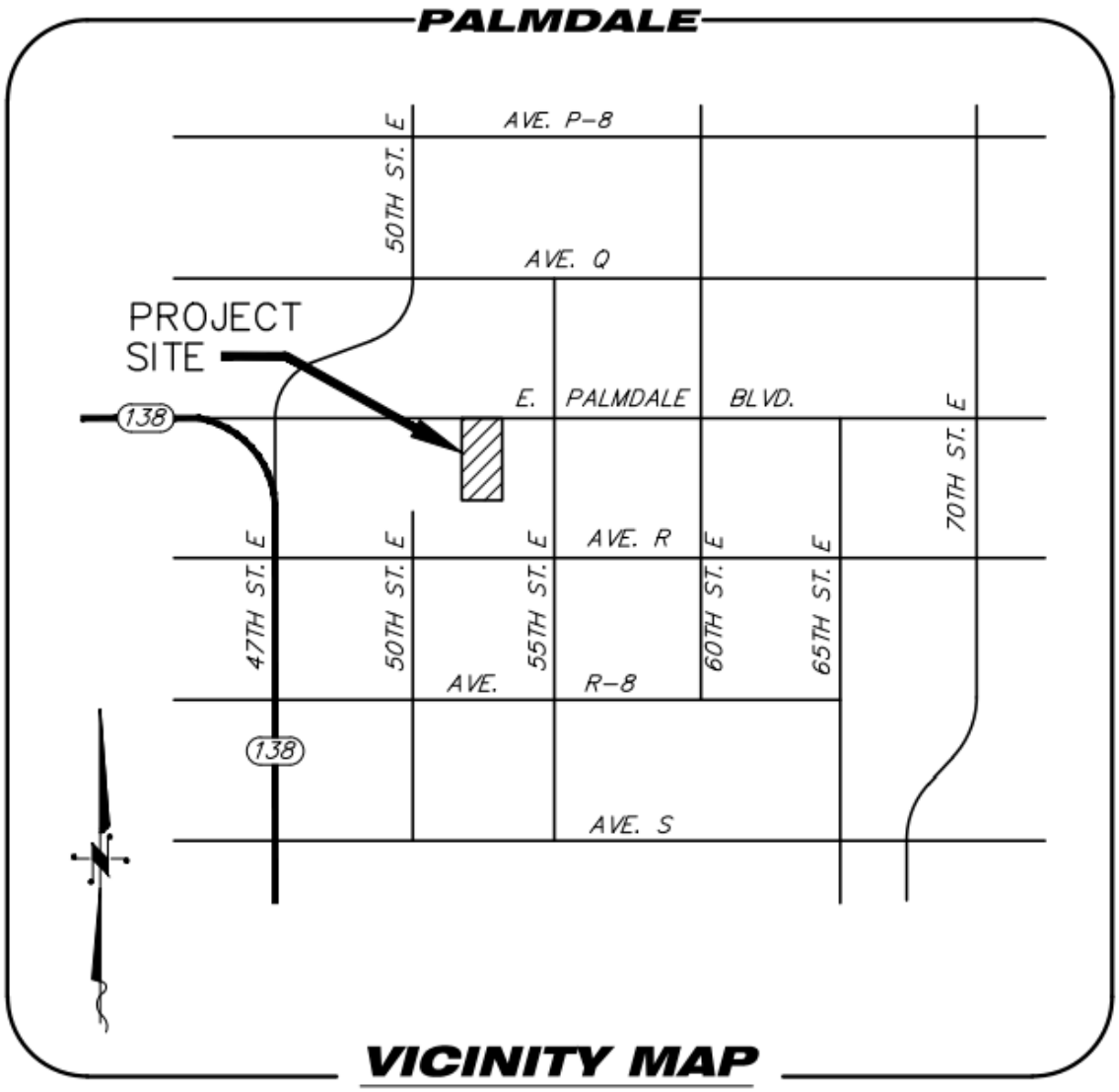
Executed on **August 21, 2024,** in the City of Palmdale, California.

Hamed Hashemian, P.E., Deputy Director of Public Works

EXHIBIT A
LIST OF COMPLETED PUBLIC IMPROVEMENTS

Tract/Project	Plan #	Quantity	Security
TR73068 Streets Improvement	ST 21-31	4,702 LF	$1,423,900
TR73068 LMD Improvement	LS 21-31	16,036 SQFT	$113,900

EXHIBIT B
SITE MAP



EHX C

Palmdale Blvd. & Oak Street





City Council Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE PRE-QUALIFIED LIST OF CONSULTANTS TO PERFORM ON-CALL PROFESSIONAL ENGINEERING AND ARCHITECTURAL SERVICES WITH A NOT TO EXCEED TOTAL AGGREGATE AMOUNT OF $12,000,000 FOR A THREE-YEAR TERM WITH THE OPTION TO EXTEND TWO ONE-YEAR TERMS**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve pre-qualified list of consultants to perform on-call professional engineering services with a not to exceed total aggregate amount of $12,000,000 for a three-year term with the option to extend two one-year terms;

2. Authorize the City Manager or her designee to execute multiple on-call professional engineering and architectural services agreements, with the pre-qualified consultants, including minimal and/or non-substantial changes; and,

3. Authorize the City Manager or her designee to exercise the option to extend the agreements for two additional one-year terms.

BACKGROUND

The Public Works Department is responsible for administering the Capital Improvement Program (CIP) budget of approximately $197,895,100, which includes overseeing the project planning, environmental review, right-of-way review, design, plans, and specifications, construction, and construction oversight of infrastructure improvements projects relating to streets, traffic signals, sanitary sewer, storm drain, landscape maintenance districts, parks, and facilities.

There are five vacancies in the Engineering and CIP Divisions. On-call contracts allow the Divisions to continue providing essential engineering tasks and CIP capital

improvement project services without delay and interruption while recruitment is in the process to fill vacancies and during substantial project periods.

DISCUSSION

On March 1, 2024, the City advertised a Request for Qualifications (RFQ) for on-call professional engineering and architectural services for a three-year term with option to extend two one-year terms. The RFQ included ten engineering and architectural disciplines including general civil engineering, traffic engineering, environmental planning, geotechnical engineering, architectural design, parks, landscape and irrigation design, construction management, storm water pollution prevention, asset management and condition assessment, and engineering staff augmentation.

On April 3, 2024, the City received 41 Statements of Qualifications (SOQ) from consultants across all the RFQ disciplines. Staff reviewed the SOQs and recommends 21 firms, listed in Attachment 1, for City Council consideration.

As the need arises, a job proposal from three or more consultants will be requested. The consultants will be required to include a brief work description, staff resumes, the total proposed costs, and references for similar past projects performed. Funding will be allocated from designated project budgets. All work will proceed on the written approval of the Director of Public Works.

A Request for Proposal (RFP) or Invitation for Bid (IFB) will be prepared and advertised for Public Works projects in accordance with California Public Contract Code, Division 2, Part 1 and Division 2, Part 3, the Local Agency Public Construction Act, including the Alternate Provisions of the Uniform Public Construction Cost Accounting Act, and the Palmdale Municipal Code Section 3.08.170

FISCAL IMPACT

$12,000,000; Funding sources will vary for each capital project ranging from but not limited to the following: General Fund, Measure M, Measure R, Proposition C, and RMRA SB1 grants. A budget of $4,000,000 is allocated for FY 2024-25 and future allocations will be proposed through the annual budget process.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost-effective, customer-focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Hamed Hashemian, P.E., Deputy Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Atch 1 - List of On-Call Consultants

Attachment 1	
City Council Meeting 8/21/2024	
List of Pre-Qualified Consultants	
General Civil Engineering	**Parks, Landacape and Irrigation Design**
Antelop Valley Engineering	Interwest Consulting Group
Rick Engineering	Kimley-Horn and Associates, Inc.
Wildan	Wildan
MNS Engineers	RJM Design Group, Inc.
Onward Engineering	David Volz Design Landscape Architects, Inc.
Michael Baker International, Inc.	
	Construction Management
Traffic Engineering	
	Psomas
Psomas	MNS Engineers
Rick Engineering	Ardurra Group, Inc.
STC Traffic, Inc.	Wildan
Transtech Engineering, Inc.	
Wildan Engineering	**Survey and Mapping**
Environmental Planning	JT Engineering
	Michael Baker International, Inc.
Kimley-Horn and Associates	MNS Engineers
Michael Baker International, Inc.	
MNS Engineers	**StormWater Pollution Prevention**
Geotechnical Engineering	Encompass Consultant Group, Inc.
	MNS Engineers
Geocon West, Inc.	JT Engineering
The converse Professional Group	Wildan
Wildan Engineering	
	Engineering Staff Augmentation
Architectural Design	
	Ardurra Group, Inc.
Perkins Eastman	Interwest Consulting Group
CWA AIA, Inc.	Onward Engineering
Huitt-Zollars Inc.	Psomas
	Rick Engineering
Asset Management and Condition Assessment	STC Traffic, Inc.
No selection	

MINUTES
CITY COUNCIL/SA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
AUGUST 7, 2024

www.cityofpalmdale.org

1) CALL MEETING TO ORDER

Mayor Bishop called the meeting to order at 5:03 pm.

Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN

PRESENT: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.
ABSENT: None.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Mayor Pro Tem Loa led the pledge of allegiance.

The following observances were acknowledged for the month of August: National Traffic Awareness Month and National Night Out.

4) PRESENTATION

4.1) Presentation by Kids Feeding Kids thru Agriculture and Recognition of 2024 Palmdale High School Students who participated in the 2024 Antelope Valley Livestock Auction.

Ms. Dino provided a PowerPoint presentation on the Kids Feeding Kids program.

Mayor Bishop called for a break from 5:44 pm - 5:56 pm.

5) PUBLIC COMMENTS CONSENT CALENDAR, APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION

Public Comments: None.

Councilmember Alarcón pulled Items 6.4 and 6.5, and Mayor Bishop pulled Item 6.6.

6) CONSENT CALENDAR

6.1) Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

6.2) Receive and file the Monthly and Quarterly Investment Reports for June 2024.

6.3) Approve Agreement with Willdan Engineering to provide Innovative Solutions and Smart City Program consulting services in an amount not to exceed $750,000 for a term of three (3) years with an option to extend two one-year terms in an amount not to exceed $250,000 each additional year.

6.4) Approve Agreement with JAD Hoyos, Inc., dba Feathers Custom Signs to provide anti-graffiti vinyl wrap services for 160 City-owned utility cabinets along roadways in the amount of $150,000 for a term of one year with the option to extend two one-year terms.

Management Analyst Garcia and Councilmember Alarcón provided detailed information on the project.

Motion: Approve Agreement with JAD Hoyos, Inc., dba Feathers Custom Signs to provide anti-graffiti vinyl wrap services for 160 City-owned utility cabinets along roadways in the amount of $150,000 for a term of one year with the option to extend two one-year terms.
Moved by Richard J. Loa, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6.5) Approve Fourth Amendment to Agreement with Library Systems and Services, LLC, for Literacy and English as a Second Language (ESL) services at the Palmdale City Library, increasing the agreement by $349,472 for a total not to exceed the amount of $13,109,618 for the remainder of the term through June 2028.

Councilmember Alarcón pulled this item for discussion. Deputy Director of Parks and Recreation Dombrowski presented the staff report and provided detailed information on English as a Second Language (ESL) services at the Library.

Motion: Approve Fourth Amendment to Agreement with Library Systems and Services, LLC, for Literacy and English as a Second Language (ESL) services at the Palmdale City Library, increasing the agreement by $349,472 for a total not to exceed the amount of $13,109,618 for the remainder of the term through June 2028.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6.6) Approve Third Amendment with OPSEC Specialized Protection for Security Services for Parks and Recreation to increase the amount of the agreement by $15,000 for a total not to exceed $114,926 to reconcile invoices for Fiscal Year 2023-24.

Mayor Bishop pulled this item and recused himself because he has done business with OPSEC Specialized Protection.

Motion: Approve Third Amendment with OPSEC Specialized Protection for Security Services for Parks and Recreation to increase the amount of the agreement by $15,000 for a total not to exceed $114,926 to reconcile invoices for Fiscal Year 2023-24.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (4-0)
Yes: Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.
Absent: Austin Bishop.

Mayor Bishop returned to the dais.

6.7) Award Construction Agreement with Manhole Adjusting, Inc., for PN 904, Fiscal Year 2024-25 Local Street Asphalt Rubber Aggregate Membrane (ARAM) Cape Seal Project, for a not to exceed amount of $1,563,898 for a term of 50 working days from the date of Notice to Proceed.

6.8) Adopt Resolution No. CC 2024-071, a Resolution of the City Council of the City of Palmdale adopting a Joint Resolution of the Board of Supervisors of the County of Los Angeles acting on behalf of the Los Angeles County General Fund, Los Angeles County Consolidated Fire Protection District, Los Angeles, County Waterworks #40 - Antelope Valley, Los Angeles County Waterworks #40 ACO Fund, the Board of Directors of the County Sanitation District No. 14 of Los Angeles County, and the governing bodies of the Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, and the Antelope Valley- East Kern Water Agency approving and accepting negotiated exchange of property tax revenues resulting from annexation to County Sanitation District No. 14.

6.9) Award Consultant Agreement with Psomas for PN 796, 45th Street East Trunk Sewer and Storm Drain Improvements Project, for a not to exceed amount of $338,514 for a term of 42 weeks from the date of Notice to Proceed.

6.10) Award Invitation for Bid with SiteOne Landscape Supply and Wilbur-Ellis Company for fertilizer supplies each for an amount not to exceed $101,750,

for a combined total of $203,500 for Fiscal Year 2024-25.

6.11) Award Invitation for Bid with SiteOne Landscape Supply for Irrigation and Water Conservation Supplies in an amount not to exceed $284,000 for Fiscal Year 2024-25.

6.12) Adopt Resolution No. CC 2024-073, a Resolution of the City Council of the City of Palmdale declaring its intention to conduct a public hearing to consider the vacation of portions of 8th Street East south of Rancho Vista Drive and north of Avenue P-8.

6.13) Approve the minutes from the previous meeting.

Motion: Approve all items listed under the Consent Calendar with the exception of those items pulled.
Moved by Eric Ohlsen, seconded by Andrea Alarcón.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

7) APPOINTMENT

7.1) City Council nomination and appointment of one (1) member and one (1) alternate to the Library Board of Trustees.

Motion: Appoint Sarah Busbee as a Member to the Library Board of Trustees.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

Motion: Appoint Jamar Perkins as an Alternate to the Library Board of Trustees.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

8) CITY MANAGER'S REPORT

City Manager Perez reported on the following: Farmer's Market; National Night Out; Elle King concert on August 10 at the Palmdale Amphitheater; Dine and Drive Food Truck event Friday at the Auto Mall; Chris Lane concert on August 17 at the Palmdale Amphitheater; District 5 Neighborhood Watch on August 19; and the Alert Palmdale Mobile App.

9) SHERIFF'S REPORT

Captain Bardon reported on the following: the Palmdale Sheriff's Department launched community surveys in the month of July and received 172 submissions; discussed response times; calls for service; Part 1 Crimes; enforcement teams; property crimes down in July; flock technology has been helpful in arrests; traffic enforcement; announced gun buyback event on September 20 in Poncitlán Square; and a Halloween themed open house will be held at the Palmdale Sheriff's station on October 19, 2024.

Councilmember Bettencourt provided instructions on how to access the Palmdale Sheriff's Department website, www.lasd.org, click on "YOUR LASD," and select your station.

Council thanked Captain Bardon for his leadership and partnership with the City of Palmdale.

Captain Bardon announced the Palmdale Sheriff's Department is working on a project to have a virtual deputy.

10) COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

10.1) Council reports, announcements, and requests for future agenda items.

Councilmember Bettencourt spoke about her vacation.

Councilmember Loa reported on the following: Spanish Talk Radio; Palmdale Boosters meeting; 4th of July celebration at the Palmdale Amphitheater; High Desert Corridor press conference on the Brightline; Neighborhood Watch meeting at Rancho Vista Park; Multi-Agency Regional Resiliency Center groundbreaking; County Sanitation District 20 meeting; JPA Board of Directors meeting; Retirement event for Dr. David G. Smith, Director of 412th Test Wing Operating Location Air Force Plant 42 in Palmdale; Club Pilates grand opening; Antelope Valley Air Quality Management District meeting; Edwards Air Force Base Civilian Military barbeque event; Flo Rida concert; Antelope Valley Transit Authority Board of Directors meeting; AV Fair JPA meeting; and Baracoa Cuban Restaurant patio grand opening.

Mayor Bishop reported on the following: the 4th of July celebration at the Palmdale Amphitheater; Movie Nights; the MedStat ribbon cutting; meeting with Sheriff Luna; the Pathway to Home Operation event; the Fight Fentanyl Summer graduation event; and the Back-Pack Giveaway event.

Councilmember Alarcón reported on the following: the Back-Pack Giveaway event; meeting with the Campos Family; attended Los Angeles County Boards of Supervisors meeting regarding homeless encampments; and the District 5 Neighborhood Watch meeting to be held on August 19 at McAdam Park at 6 pm.

Councilmember Ohlsen reported on the following: 4th of July celebration at the Palmdale Amphitheater; High Desert Corridor, North County Transportation Coalition, and AVTA meetings; labor agreement with local trades; meeting with Sheriff Luna; Fight Fentanyl Summer graduation event; AV Alta Team; and Pearblossom Highway community meeting regarding traffic safety concerns on Highway 138.

11) NON-AGENDA PUBLIC COMMENTS:

The following individuals provided public input: Carla Hubler commented regarding the animal shelter, rescues, resources, and spay & neuter; Alexine Rivas, Kristina Rivas, Anessa Rivas, Aubrielle Rivas, Isaiah Rivas, and grandmother discussed the loss of their home due to fireworks, lack of support from the Sheriff's Department, and support from the City; Sonia Burke commented regarding the rising homeless population, graffiti, home robberies, Rancho Vista and Division Street fire and clearing the brush; Rick Kerwin discussed City of Palmdale parking restrictions and parking enforcement; Stephen discussed homeless animals, resources, and euthanasia rates; Eugene Hernandez discussed Council Chamber security measures, establishing a month to honor Latino heritage. Councilmember Alarcón commented regarding the City's involvement in Latino heritage events; Renee Kimbrough discussed shelter problems and life-saving measures; Jackie Quillen discussed animal shelter euthanasia rates and shelter expansion; Roger Soderstedt discussed potholes in the road. Councilmember Alarcón and City Manager Perez updated the public on road repair; Linda Sharp discussed street cleaning signs and enforcement; Marsha Furman announced the animal shelter would be having a private event for veterans on August 18 from 12-4 to adopt pets, and the City offers lap swimming and senior swimming free to veterans; and Chuck Murphy commented on the Council cleaning up the City and building businesses.

There was further Council and staff discussion regarding the assistance provided to the Rivas Family.

Council and staff discussed street sweeping enforcement, homelessness, Measure H funds, and addressing encampments.

Director of Neighborhood Services Reyes, Sheri Gorman of Valley Oasis, and Councilmember Alarcón spoke highly of Ms. Termeko Coplin, Domestic Violence Regional Coordinator of Valley Oasis, and her dedication and contributions to the community and adjourned the meeting in memory of her passing.

12) PRESENTATION BY CITY ATTORNEY

City Attorney Curley stated there were two properly agendized items to be heard as listed.

12.1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
William Robert Herrera, et al vs. City of Palmdale, et al.
Central District of California Federal District Court
Case No. 2:16-cv-09453-MWF-MAR

This closed session is being held pursuant to the authority of California Government Code Section 54956.9.

12) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Priscilla Huerta, et al vs. City of Palmdale, et al.
Central District of California Federal District Court
Case No. 2:18-10354-MWF-FFM
This closed session is being held pursuant to the authority of California Government Code Section 54956.9.

13) ANNOUNCEMENT BY CITY ATTORNEY

City Attorney announced the Council was updated on the two wins.

14) ADJOURN

Mayor Bishop adjourned the meeting at 8:04 pm, in honor of Termeko Coplin, to August 21, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 21st day of August 2024.

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

Joint Staff Report

DATE: **AUGUST 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**
HONORABLE CHAIR AND COMMISSIONERS

FROM: **NEIGHBORHOOD SERVICES**
HOUSING DIVISION

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-074, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER, APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY LOCATED AT 5th STREET EAST AND EAST AVENUE Q-2 APN 3008-010-904 FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO ADVANCING COMMUNITIES TOGETHER, APPROVING A PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER; AND MAKING CERTAIN FINDINGS; AND ADOPT RESOLUTION NO. HA 2024-006, A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO ADVANCING COMMUNITIES TOGETHER LOCATED AT 5th STREET EAST AND EAST AVENUE Q-2 APN 3008-010-904; AND MAKING CERTAIN FINDINGS**

RECOMMENDATION

Staff recommends that the City Council and the Housing Authority of the City of Palmdale:

1. Adopt Resolution No. CC 2024-074, A Resolution of the City Council of the City of Palmdale Approving An Affordable Housing Agreement Between the Housing Authority of the City of Palmdale and Advancing Communities Together (Agreement No. A-8908) Approving and Authorizing the Conveyance of Property

located at 5th Street East and East Avenue Q-2 APN 3008-010-904 from the Housing Authority of the City of Palmdale to Advancing Communities Together, and: Approving a Permanent Local Housing Allocation Loan Agreement between the City of Palmdale and Advancing Communities Together (Agreement No. A-8909); and making certain findings;

2. Authorize the City Manager or her designee to execute Agreement No. A-8909 with Advancing Communities Together, including minimal and/or non-substantial changes;
3. Adopt Resolution No. HA 2024-006, a Resolution of the Housing Authority of the City of Palmdale Approving an Affordable Housing Agreement between the Housing Authority of the City of Palmdale and Advancing Communities Together (Agreement No. A-8908); Approving and Authorizing the Conveyance of Property from the Housing Authority of the City of Palmdale to Advancing Communities Together located at 5th Street East and East Avenue Q-2 APN 3008-010-904; and making certain findings, and,
4. Authorize the Executive Director or her designee to execute Agreement No. A-8908 with Advancing Communities Together, including minimal and/or non-substantial changes.

BACKGROUND

Since the Fall of 2007, the former Community Redevelopment Agency partnered with Advancing Communities Together (ACT) in an effort to rehabilitate and develop affordable housing within the City of Palmdale (City) through the Neighborhood Improvement Program. Since that time, ACT has been active within the community, providing an opportunity for older teens and young adults to work toward completing their high school education and providing workforce development.

As the designated successor housing agency under the Redevelopment Dissolution Act, the Housing Authority of the City of Palmdale (Housing Authority) assumed all responsibilities of the former Community Redevelopment Agency's housing functions, including assets directly associated with the requirement to develop affordable housing. As part of the portfolio of assets, two parcels located within Focus Neighborhood No. 3 were acquired with Housing Set-Aside Funds on October 15, 2004. On April 3, 2012, the Housing Authority approved a letter of commitment to ACT to provide two parcels to develop affordable housing in Focus Neighborhood No. 3 secure financing to develop units; of these two parcels, ACT developed one duplex for affordable housing in 2013.

DISCUSSION

The Housing Authority and ACT have negotiated an Affordable Housing Agreement (AHA) to convey the second parcel in accordance with Health and Safety Code Section 33433(c), as a "small housing project", for the development of a duplex consisting of two

(2) two-story units of three (3) bedrooms and two (2) baths per unit (Project), with Permanent Local Housing Allocation (PLHA) funds being made available for the Project by the City under the terms of a separate agreement to be considered concurrently herewith.

Under the AHA and in accordance with the Community Redevelopment Law, long-term affordability covenants will be recorded on the land for 55 years to ensure the units are available to lower-income households. As additional consideration for the conveyance of the parcel, residual rent proceeds for the Project will be used to provide community outreach programs to residents in Focus Neighborhood No. 3.

The City receives an annual allocation of Permanent Local Housing Allocation (PLHA) funds. The City and ACT have negotiated a PLHA Loan Agreement to provide $821,985.94 in PLHA funds (PLHA Loan) for the development of the Project. The PLHA Loan is contingent on the acquisition of the parcel pursuant to the AHA.

As a “small housing project”, Community Redevelopment Law provides the Housing Authority may sell the parcel if the City Council authorizes the Housing Authority to sell the parcel for the Project pursuant to the AHA after a properly noticed public hearing. A public hearing notice was published in the Antelope Valley Press on August 7, 2024, and August 14, 2024, stating that the AHA was available for public review at the Library, City Administration office, and the Neighborhood Services Department.

FISCAL IMPACT

$821,985.94 City PLHA; $80,000 HA; Funds for the PLHA Loan for construction is available in account 24164007-782950 New Construction Fiscal Year 2025 of $448,040 and funds to be carried forward from Fiscal Year 2023-2024 of $373,950. In addition, under the AHA, the Housing Authority will take a carryback loan from ACT for the sale of the parcel in the amount of $80,000, which is the fair market value of the parcel.

STRATEGIC PLAN

Goal III: Maintain a desirable community where everyone wants to live, work, and play.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Sophia Reyes, Director of Neighborhood Services
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

1. Reso. No. CC 2024-074
2. Reso. No. HA 2024-006
3. Agrmt No. A-8909 (City) with Advancing Communities Together
4. Agrmt No. A-8908 (HA) with Advancing Communities Together

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-074

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER; APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY LOCATED AT 5TH STREET EAST AND EAST AVENUE Q-2 APN 3008-010-904 FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO ADVANCING COMMUNITIES TOGETHER; APPROVING A PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER; AND MAKING CERTAIN FINDINGS

WHEREAS, The City Council of the City of Palmdale ("City Council") adopted the Redevelopment Plans for the Merged Redevelopment Projects ("Project Area") on March 24, 1994, by Ordinances Nos 1042, 1043, and 1044, which resulted in the allocation of property taxes from the Project Area to the former Community Redevelopment Agency of the City of Palmdale ("Redevelopment Agency") for purposes of redevelopment. On May 4, 2011, the City Council adopted the Expansion Area Amendment by Ordinance No. 1418, adding additional territory to the Merged Project Area and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area ("Redevelopment Plan"). Project Area No. 2, Project Area No. 3, Project Area No. 4, and the Expansion Area collectively are referred to as the "Merged Project Area"*; and*

WHEREAS*,* The Housing Authority of the City of Palmdale ("Authority") is implementing certain proposed uses in the Merged Project Area, including low-income housing, which use will aid in carrying out the Redevelopment Plan, pursuant to its obligations under Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), as amended by Assembly Bill No. 1484 (2011-2012 Regular Session), and as further amended from time to time (collectively, the "Dissolution Bills") wherein the Authority, as the designated entity, will perform the housing functions previously performed by the former Redevelopment Agency, including to carry out the purposes of the Dissolution Bills*; and*

WHEREAS*,* In accordance with its obligations under the Dissolution Bills, the Authority wishes to enter into a proposed Affordable Housing Agreement ("AHA") with Advancing Communities Together ("ACT"), a California nonprofit public benefit corporation, wherein the Authority will convey certain real property located in the City of Palmdale, California, APN 3008-010-904 ("Property") for the acquisition, development and use by ACT of a residential duplex for affordable housing ("Project"),

a “small housing project” within the meaning of Health and Safety Code Section 33013; *and*

WHEREAS, The City receives an allocation of Permanent Local Housing Allocation (PLHA) funds, beginning on August 5, 2021. The City staff and ACT have negotiated a PLHA Loan Agreement to provide $821,985.94 in PLHA funds (PLHA loan) for development of the Project. The PLHA Loan is contingent on the acquisition of the Property pursuant to the AHA.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City has duly considered the terms and conditions of the proposed AHA and all comments received at the joint public hearing pursuant to California Health and Safety Code Section 33433(c)(1), duly noticed in accordance with California Health and Safety Code Section 33431, and determines that the proposed AHA is in the best interests of the Merged Project Area and the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements.

SECTION 2. The City hereby approves the proposed AHA in substantially the form presented at this hearing, with such minor or non-substantive changes as may be approved by the Authority Executive Director with approval as to form by Authority Legal Counsel. The City hereby approves of and authorizes the Authority to sell the Property to ACT pursuant to the AHA and authorizes the Authority Executive Director, or designee, to execute the AHA and to execute all documents and take all actions necessary and convenient to carry out and implement the AHA and to administer the Authority’s obligations, responsibilities, and duties to be performed thereunder.

SECTION 3. In furtherance of the Project, the City desires to provide a loan of Permanent Local Housing Allocation (PLHA) funds in the amount of $821,985.94 (“PLHA Loan”) to ACT to pay development costs for the Project pursuant to the proposed PLHA Loan Agreement.

SECTION 4. The City has duly considered the terms and conditions of the proposed PLHA Loan Agreement and all comments received at the joint public hearing, and determines that the proposed PLHA Loan Agreement is in the best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements.

SECTION 5. The City hereby approves the PLHA Loan to ACT pursuant to the PLHA Loan Agreement to pay development costs for the Project, in an amount not to exceed $821,985.94.

SECTION 6. The City hereby approves the proposed PLHA Loan Agreement in substantially the form presented at this hearing, with such minor or non-substantive changes as may be approved by the City Manager with approval as to form by the City Attorney.

SECTION 7. The City hereby authorizes its City Manager, or designee, to execute the PLHA Loan Agreement and to execute all documents and take all actions necessary and convenient to carry out and implement the PLHA Loan Agreement and to administer the City's obligations, responsibilities, and duties to be performed thereunder.

SECTION 8. The AHA and PLHA Loan Agreements are subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The development of the Property pursuant to the AHA and PLHA Loan Agreement is an exempt project pursuant to State CEQA Guidelines Section 15303(b) in that the Project is categorically exempt as a duplex or similar multi-family residential structure totaling no more than four dwelling units. Accordingly, pursuant to CEQA, the State CEQA Guidelines, and the City's local CEQA Guidelines, the City Clerk, or designee, is directed to file a Notice of Exemption with the Clerk of the Board of Supervisors for the County of Los Angeles regarding the Project.

SECTION 9. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 21st day of August, 2024.

Approved as to form:

_____
William P. Curley, III
City Attorney

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, City Clerk

I, Rochelle Scott, City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 21st day of August, 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____

Rochelle Scott, City Clerk

HOUSING AUTHORITY
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. HA 2024-006

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF PALMDALE AND ADVANCING COMMUNITIES TOGETHER; APPROVING AND AUTHORIZING THE CONVEYANCE OF PROPERTY FROM THE HOUSING AUTHORITY OF THE CITY OF PALMDALE TO ADVANCING COMMUNITIES TOGETHER LOCATED AT 5TH STREET EAST AND EAST AVENUE Q-2 APN 3008-010-904; AND MAKING CERTAIN FINDINGS

WHEREAS, The City Council of the City of Palmdale ("City Council") adopted the Redevelopment Plans for the Merged Redevelopment Projects ("Project Area") on March 24, 1994, by Ordinances Nos. 1042, 1043, and 1044, which resulted in the allocation of property taxes from the Project Area to the former Community Redevelopment Agency of the City of Palmdale ("Redevelopment Agency") for purposes of redevelopment. On May 4, 2011, the City Council adopted the Expansion Area Amendment by Ordinance No. 1418, adding additional territory to the Merged Project Area and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area. Project Area No. 2, Project Area No. 3, Project Area No. 4, and the Expansion Area collectively are referred to as the "Merged Project Area". On May 4, 2011, the City Council adopted the Expansion Area Amendment by Ordinance No. 1418, adding additional territory to the Merged Project Area and amending and restating the redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area ("Redevelopment Plan"). Project Area No. 2, Project Area No. 3, Project Area No. 4, and the Expansion Area collectively are referred to as the "Merged Project Area"; *and*

WHEREAS*,* The Housing Authority of the City of Palmdale ("Authority") is implementing certain proposed uses in the Merged Project Area, including low-income housing, which use will aid in carrying out the Redevelopment Plan, pursuant to its obligations under Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), as amended by Assembly Bill No. 1484 (2011-2012 Regular Session), and as further amended from time to time (collectively, the "Dissolution Bills") wherein the Authority, as the designated entity, will perform the housing functions previously performed by the former Redevelopment Agency, including to carry out the purposes of the Dissolution Bills*; and*

WHEREAS*,* In accordance with its obligations under the Dissolution Bills, the Authority wishes to enter into a proposed Affordable Housing Agreement ("AHA") with Advancing Communities Together ("ACT"), a California nonprofit public benefit corporation, wherein the Authority will convey certain real property located in the City

of Palmdale, California, APN 3008-010-904 ("Property") for the acquisition, development and use by ACT of a residential duplex for affordable housing ("Project")~~.~~, a "small housing project" within the meaning of Health and Safety Code Section 33013.

NOW THEREFORE, BE IT RESOLVED, THE HOUSING AUTHORITY OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The AHA requires the recording of covenants against ACT's interest in the Property restricting the use of the Property for a term of not less than 55 years to affordable housing for low-income households.

SECTION 2. ACT has submitted to the Authority copies of a proposed AHA in a form desired by ACT.

SECTION 3. The Authority has duly considered the terms and conditions of the proposed AHA and all comments received at the joint public hearing pursuant to California Health and Safety Code Section 33433(c)(1), duly noticed in accordance with California Health and Safety Code Section 33431, and determines that the proposed AHA is in the best interests of the Merged Project Area and the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements.

SECTION 4. The Authority hereby approves of and authorizes the Authority to sell the Property to ACT pursuant to the AHA and approves the proposed AHA in substantially the form presented at this hearing, with such minor or non-substantive changes as may be approved by the Authority Executive Director with approval as to form by Authority Legal Counsel.

SECTION 5. The Authority hereby authorizes its Executive Director, or designee, to execute the AHA and to execute all documents and take all actions necessary and convenient to carry out and implement the AHA and to administer the Authority's obligations, responsibilities, and duties to be performed thereunder.

SECTION 6. The AHA is subject to the environmental review requirements of the California Environmental Quality Act ("CEQA"). The development of the Property pursuant to the AHA is an exempt project pursuant to State CEQA Guidelines Section 15303(b) in that the Project is categorically exempt as a duplex or similar multi-family residential structure totaling no more than four dwelling units. Accordingly, pursuant to CEQA, the State CEQA Guidelines, and the City's local CEQA Guidelines, the City Clerk, or designee, is directed to file a Notice of Exemption with the Clerk of the Board of Supervisors for the County of Los Angeles regarding the Project.

SECTION 7. The Authority Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 21st day of August, 2024.

Approved as to form:

_____
William P. Curley, III
Authority Attorney

_____
Austin Bishop, Chair

ATTEST:

_____
Rochelle Scott,
Authority Secretary

I, Rochelle Scott, Authority Secretary of the Housing Authority of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Housing Authority of the City of Palmdale at a special meeting of said Authority held on the 21st day of August, 2024 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, Authority Secretary

PERMANENT LOCAL HOUSING ALLOCATION FUNDS

LOAN AGREEMENT

BY AND BETWEEN

THE CITY OF PALMDALE, CALIFORNIA

AND

ADVANCING COMMUNITIES TOGETHER

AGREEMENT NO. A-8909

August 21, 2024

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PERMANENT LOCAL HOUSING ALLOCATION FUNDS
LOAN AGREEMENT
BY AND BETWEEN
THE CITY OF PALMDALE, CALIFORNIA
ADVANCING COMMUNITIES TOGETHER
(A-8909)

This Permanent Local Housing Allocation Funds Loan Agreement ("**Agreement**"), dated as of August 21, 2024, is made by and between THE CITY OF PALMDALE, a municipal corporation ("**City**"), and ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"). City and Owner and their respective permitted successors and assigns, referred to as the "**Parties**," agree as follows.

RECITALS

A. Owner has entered into an Affordable Housing Agreement dated as of August 21, 2024 ("**AHA**") with the Housing Authority of the City of Palmdale, California ("**Housing Authority**").

B. The AHA obligates Owner to develop vacant property located at a cul-de-sac on E Avenue Q-2 between Avenue Q and E Avenue Q3 and east of 5th Street E, in the City of Palmdale, California (as shown on the Site Map attached as Attachment No. 1 and more specifically described in the Legal Description attached as Attachment No. 2 (the "**Property**") with an affordable residential rental development for hereinafter defined Low Income households, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit), as described in more detail in the Scope of Development attached as Attachment No. 3 to the AHA (the "**Project**"). The units shall be limited to occupancy by Low Income households.

C. Owner has acquired title to the Property using a loan in the amount of $80,000 from the Housing Authority as set forth in the AHA (the "**Housing Authority Loan**").

D. The terms of the AHA anticipate funding for the Project to include a loan of funds ("**PLHA Funds**") from the City received from the California Department of Housing and Community Development ("**HCD**") from the Permanent Local Housing Allocation ("**PLHA**") program in the principal amount of $821,985.94, pursuant to the terms of this Agreement, and other financing sources described in the Method of Financing attached to the AHA as Attachment No. 3 and identified in the Project Budget attached hereto as Attachment No. 3.

E. In accordance with the Permanent Local Housing Allocation Program Guidelines adopted by HCD with regard to the use of the PLHA Funds certain income and affordability requirements are required of the Project.

F. Owner wishes to borrow and City wishes to lend PLHA Funds in the amount of Eight Hundred Twenty-One Thousand Nine Hundred Eighty-Five Dollars and Ninety-Four Cents ($821,985.94) ("**PLHA Loan**"), which will be used exclusively for Development Costs for the Project.

G. The City's making of the PLHA Loan pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City, and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW THEREFORE, IN CONSIDERATION of the foregoing recitals and the covenants and mutual agreements, obligations, and representations contained in this Agreement, and in reliance on the representations and warranties set forth herein, City and Owner hereby agree as follows:

ARTICLE I SUBJECT OF AGREEMENT

Section 101 Purpose of the Agreement.

The Recitals set forth above are true and accurate, and incorporated herein. Owner has submitted a proposal for the use of PLHA Funds for an eligible activity under the Permanent Local Housing Allocation Final Guidelines dated October 2019, as the same may be amended or modified from time to time ("**PLHA Guidelines**").

Section 102 Definitions.

For purposes of this Agreement, the following capitalized terms will have the following meanings:

"***Affiliate***" shall mean (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term "control" as used in the immediately preceding sentence, shall mean the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"***Affordable Rent***" shall comply with the PLHA Guidelines and shall mean gross monthly rent that does not exceed the maximum monthly rent for an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median

Income adjusted for family size appropriate for the unit, as published by from time to time by TCAC.

"***Affordable Units***" shall mean the duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) to be constructed on the Property and rented exclusively to and occupied by Low Income households at Affordable Rent.

"***Area Median Income***" or "***AMI***" means the median gross income for Los Angeles County as determined by the Secretary of the Treasury of the United States for purposes of Section 42 of the Internal Revenue Code of 1986, and any related regulations published from time to time by TCAC.

"***Approved Title Conditions***" shall mean title that is subject to assessments as of the Closing and any other easements and other encumbrances specifically approved in writing by the City Manager prior to the Closing.

"***Assignment of Agreements***" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 6.

"***Assignment of Rents***" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 8.

"***City Manager***" shall mean the City Manager of the City of Palmdale, or designee.

"***Close of Escrow***" or "***Closing***" shall mean the point in time when (i) all conditions precedent to the closing as set forth in the AHA have been satisfied; and (ii) the PLHA Loan Documents and Regulatory Agreement are executed (and recorded against the Property, as applicable) in accordance with all of the terms and conditions of this Agreement.

"***Closing Date***" shall mean the date on which the Close of Escrow is scheduled to take place.

"***Completion***" shall mean the point in time when all of the following shall have occurred: (1) issuance of a permanent certificate of occupancy by the City of Palmdale for the Project; (2) recordation of a Notice of Completion by Owner or its contractor for the Project; (3) certification by the project architect that development of the Project (with the exception of minor "punchlist" items) has been completed in a good and workmanlike manner in accordance with the approved plans and specifications; (4) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against of any mechanic's liens that have been recorded or stop notices that have been delivered for the Project; and (5) the Property has been developed in accordance with the AHA, this Agreement, the Standard Agreement, the Scope of Development attached to the AHA, and Plans approved by the City pursuant to this Agreement.

"***Development Costs***" shall mean all costs which are actually incurred by the Owner for the development of the Project on the Property as set forth in the Project Budget.

"***Environmental Indemnity***" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 7.

"***Hazardous Materials***" shall have the meaning set forth in the Environmental Indemnity.

"***Housing Authority***" shall mean the Housing Authority of the City of Palmdale, a public body, corporate and politic.

"***Legal Description***" shall mean the legal description of the Property attached to this Agreement as Attachment No. 2.

"***Low Income***" means an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median Income, including Utilities Allowance, adjusted for family size appropriate for the unit, as published from time to time by TCAC.

"***Permitted Transfer***" means any of the following:

a. A conveyance of the Property to any Affiliate;

b. The lease for occupancy of any Affordable Unit in accordance with this Agreement; and

c. The granting of easements or permits to facilitate the development of the Property in accordance with this Agreement.

Any transfer described in clauses a. through b. shall be subject to the reasonable approval of documentation by the City Manager or designee.

"***Person***" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

"***PLHA Deed of Trust***" shall mean the deed of trust securing the PLHA Loan, to be recorded against the Property upon the Close of Escrow substantially in the form attached to this Agreement as Attachment No. 5.

"***PLHA Loan***" shall mean the loan by the City to Owner in the amount and pursuant to the terms and conditions of this Agreement, which shall be evidenced by the PLHA Note and secured by the PLHA Deed of Trust and the other PLHA Loan Documents. The PLHA Loan shall be derived from the City's allocation of PLHA Funds.

"***PLHA Loan Documents***" shall mean the PLHA Note, PLHA Deed of Trust, Assignment of Agreements, Assignment of Rents, and the UCC-1 financing statements to be recorded and filed at the Closing.

"***PLHA Note***" shall mean the promissory note evidencing the PLHA Loan substantially in the form attached to this Agreement as Attachment No. 4.

"***Project***" shall mean the construction of the improvements located on the Property for use as affordable housing in accordance with this Agreement and the AHA including the Scope of Development attached to the AHA.

"***Project Budget***" shall mean the applicable schedule of Development Costs attached to this Agreement as Attachment No. 3.

"***Property***" means the real property described in Attachment No. 2.

"***Regulatory Agreement***" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants to be recorded upon the Close of Escrow, substantially in the form attached to this Agreement as Attachment No. 9.

"***Relocation Laws***" shall mean all applicable state and local relocation laws, including, without limitation, the California Relocation Assistance Law, Government Code Section 7260 *et seq.* and the implementing regulations thereto in the California Code of Regulations, Title 24, Section 6000 *et seq*. and the local implementing regulations thereto, and all applicable federal relocation laws, including, without limitation, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. 4201-4655, and 49 CFR Part 24, the acquisitions and eminent domain laws in Government Code Section 7267 *et seq*. and Code of Civil Procedure Section 1240.000 *et seq*. and any other applicable federal, state or local enactment, regulation or practice providing for relocation assistance and benefits, acquisition and/or compensation of property interests (including, without limitation, goodwill and furnishings, fixtures and equipment, leasehold bonus value, and moving expenses).

"***Site Map***" means the document which is attached to this Agreement as Attachment No. 1.

"***Standard Agreement***" means Standard Agreement No. 20-PLHA-15629 (A-7538) by and between HCD and the City signed by HCD on August 5, 2021, as amended by that Amendment to Standard Agreement by and between HCD and the City signed by HCD on July 29, 2022, as the same may be amended or modified from time to time.

"***TCAC***" means the California Tax Credit Allocation Committee, established by Revenue and Taxation Code Section 18410.2.

"***Title Company***" shall mean a title company mutually acceptable to the City and the Owner.

"***Title Insurance Policies***" shall mean the following policies of title insurance to be issued by the Title Company at the Close of Escrow, subject to the Approved Title Conditions:

a. An ALTA extended coverage owner's policy of title insurance in favor of Owner insuring the Owner's fee title in the Property, in an amount and with reasonable endorsements as requested by the Owner without cost or expense to the City (the "***Owner's Title Policy***").

b. A standard form CLTA Lender's Title Insurance Policy in favor of the City together with such endorsements as the City may reasonably require, in the amount of the PLHA Loan insuring the PLHA Deed of Trust as a first lien on the Property (the "***Lender's Title Policy***").

"***Utilities Allowance***" means an allowance for utilities services costs as established from time to time by the County of Los Angeles.

Section 103 The Property.

The Property is that certain vacant property in the City of Palmdale, illustrated on the "Site Map" and as described in the "Legal Description of the Property". Owner is or will be the owner of fee title to the Property and will have control of the Property as of the Close of Escrow.

Section 104 City

a. The City is a municipal corporation of the State of California, organized and existing under the laws of the State of California and the Palmdale Municipal Code.

b. The address of the City for purposes of receiving notices pursuant to this Agreement will be c/o City Manager, City of Palmdale, 38300 Sierra Highway, Palmdale, California 93550.

c. "City" as used in this Agreement includes the City of Palmdale, California, and any assignee or successor to its rights, power and responsibilities.

Section 105 Owner

a. The Owner is Advancing Communities Together, a California nonprofit public benefit corporation.

b. The address of Owner for purposes of receiving notices pursuant to this Agreement shall be 38626 9th Street East, Palmdale, California, 93550.

c. Whenever the term "Owner" is used herein, such term means and includes: (1) the Owner as of the date hereof; or (2) an assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

Section 106 Assignments and Transfers.

a. Owner represents and agrees that its undertakings pursuant to this Agreement are for the purpose of developing and operating the Project and providing affordable housing on the

Property and not for speculation in land holding. Owner further recognizes that the qualifications and identity of Owner are of particular concern to the City, in light of the following: (1) the importance of the improvement of the Property to the general welfare of the community; (2) the public assistance that has been made available by law and by the City for the purpose of making such development possible; and (3) the fact that a change in ownership or control of Owner or any other act or transaction involving or resulting in a significant change in ownership or control of Owner, is for all practical purposes a transfer or disposition of the property then owned by Owner. Owner further recognizes that it is because of such qualifications and identity that the City is entering into this Agreement with Owner. Therefore, no voluntary or involuntary successor in interest of Owner shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. For the reasons cited above, Owner represents and agrees for itself and every successor in interest that prior to the full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement; Owner shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the City. Subject to review of documentation effectuating any such proposed assignment or transfer, the City agrees to reasonably give such approval if the assignment is a Permitted Transfer.

c. For the reasons cited above, Owner represents and agrees for itself and every successor in interest that prior to the full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement, without the prior written approval of the City, there shall be no significant change in the ownership of Owner or in the relative proportions thereof, or with respect to the identity of the parties in control of Owner or the degree thereof, by any method or means, except Permitted Transfers.

d. Any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Owner, other than a Permitted Transfer, shall require the approval of the City, which may be withheld in its sole and absolute discretion. To the extent the City's approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, the City shall base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee, and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, the City shall not have any obligation to approve any assignment or transfer of this Agreement, or any interest herein, or significant change in ownership of Owner that would result in payment of consideration to any Person from the net proceeds of a sale or refinance of the Property or the Project, or any portion thereof or interest therein, prior to payment of the PLHA Loan as set forth in the PLHA Note.

e. Owner shall promptly notify the City of any and all changes whatsoever in the identity of the parties in control of Owner or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by the City if there is any significant change (voluntary or involuntary) in membership, management or control, of Owner (other than such changes occasioned by the death or incapacity of any individual) prior to the full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement, if such change is not a Permitted Transfer.

f. The restrictions of this Section shall terminate upon full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement.

ARTICLE II FINANCING

Section 201 Use of PLHA Funds

Owner hereby warrants to the City and agrees that the PLHA Loan will be used solely for the purpose of paying Development Costs and for no other purpose.

Section 202 PLHA Loan

In accordance with and subject to the terms and conditions of this Agreement, City agrees to lend to Owner, and Owner agrees to borrow from City, the PLHA Loan. At or prior to the Closing, the City and Owner will execute and deliver such instruments and documents as may be necessary to evidence and secure the PLHA Loan, consistent with the terms of this Agreement, each in a form that is acceptable to the City Manager or designee.

Section 203 PLHA Loan Terms

a. Owner has entered or will enter into the AHA. Pursuant to the AHA, the Owner shall acquire the Property and commence construction of the Project as provided in the AHA and this Agreement. The PLHA Loan is intended to provide financing for construction of the Project, without which the Project would not be completed. The Owner is responsible for all additional costs to complete the construction of the Project pursuant to this Agreement and the AHA.

b. The PLHA Loan shall be disbursed based on actual expenses incurred or paid. Requests for payment must be submitted by Owner on forms specified by the City, with adequate and proper documentation of eligible costs incurred. The PLHA Loan shall be disbursed based upon City's receipt of contractor invoices and other information and documentation (e.g., lien releases) requested or required by the City Manager or designee. City shall have the right to condition any disbursement upon receipt and approval of such documentation, evidence, or information that City may request, including, but not limited to, vouchers, invoices, and architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of development that has been completed.

c. Disbursements upon applications for payment shall be subject to a ten percent (10%) retention. The City shall have the right in its sole discretion to make disbursements of funds directly to third parties entitled to such payment. Owner may submit a final invoice upon Completion. Final payment, including retention previously withheld, shall be made after the City has determined that Owner has submitted all documentation of the final cost of completing the Project, and proof of Completion of the Project.

d. City shall have the right to review and audit all records of Owner pertaining to any payment by the City. Subject to and without limiting Article VIII hereof, said records shall be maintained for a period of five years after Completion.

Section 204 Security

Owner's obligation to repay the PLHA Loan will be secured by the PLHA Deed of Trust, to be recorded in a first mortgage lien against the Property.

Section 205 Conditions Precedent to PLHA Loan Disbursement

Disbursement of the PLHA Loan is conditioned upon each of the following occurring to the satisfaction of the City prior to the time for the Closing set forth in the AHA:

a. Owner submits evidence that the final working drawings for the Project have been approved by the City;

b. Owner submits a copy of the fully executed general construction contract with a licensed general contractor approved by the City, covering all construction required by this Agreement and the AHA and the approved final working drawings for the Project;

c. Owner submits a final Project Budget, current as of the Closing Date, demonstrating to the satisfaction of the City the availability of sufficient funds to pay all acquisition and Development Costs;

d. Owner submits evidence satisfactory to the City that the Owner has firm financing commitments sufficient to pay all acquisition and Development Costs in accordance with the Method of Financing attached to the AHA as Attachment No. 3;

e. Owner submits copies of final loan documents for each of the loans described in the Method of Financing attached to the AHA;

f. Owner submits evidence of the insurance policies and endorsements required by this Agreement;

g. Owner submits evidence satisfactory to the City that Owner has satisfied all conditions precedent to the issuance of all permits necessary for the construction of the Project, other than payment of fees (for which funds have been budgeted in the Project Budget);

h. Owner submits an estimated draw schedule for any other loans for the Project;

i. Owner deposits into Escrow payment and performance bonds, including a multiple-obligee rider naming the City of Palmdale, in a form approved by the City;

j. Title Company shall be committed to issue a standard form CLTA Lender's Title Insurance Policy in favor of the City, subject to the Approved Title Conditions, together with such endorsements as the City may reasonably require, in the amount of the PLHA Loan insuring the PLHA Deed of Trust as a first lien on the Property;

k. Submission by Owner and City approval of documentation relating to the corporate status of Owner, including, without limitation: articles of incorporation; copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; and a current certificate of good standing issued by the California Secretary of State;

l. City, Owner and/or other parties, as appropriate, shall have duly executed, and filed or recorded as appropriate, the following documents:

1. PLHA Note;

2. PLHA Deed of Trust;

3. Assignment of Rents;

4. Assignment of Agreements;

5. Environmental Indemnity;

6. A UCC-1 Financing Statement (recorded and filed);

7. Regulatory Agreement; and

m. Close of Escrow has occurred under the AHA and Owner is the fee simple owner of the Property; and

n. The City determines that Owner is not in default of its obligations to the City under this Agreement or the AHA.

Notwithstanding the foregoing, the City may waive any of the foregoing conditions precedent. A waiver of any of the foregoing conditions will not operate in any way as a waiver or estoppel with respect to any subsequent or other failure to comply with such condition, or any other condition contained in this Section or any of the PLHA Loan documents.

ARTICLE III IMPROVEMENT OF THE PROPERTY

Section 301 Land Use Approvals

It is the responsibility of Owner, without cost to the City, to ensure that zoning of the Property and all applicable City of Palmdale land use requirements will be such as to permit construction and completion of the Project and the use, operation and maintenance of the Project in accordance with the provisions of this Agreement. The review and approval rights set forth in this Article 3 are for the benefit of the City acting in its capacity as a lender to the Project, and will not be deemed to waive, limit or condition in any way the power and authority of the City of Palmdale, acting in its governmental capacity. Nothing contained herein shall be deemed to entitle Owner to any City of Palmdale permit or other City land use approval necessary for the development of the Property, or waive any applicable governmental requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Owner, (b) supersede, nullify or amend any condition which may be imposed by the City of Palmdale in its governmental capacity in connection with approval of the improvements described herein, (c) guarantee to Owner or any other party any profits from the development of the Property, or (d) amend any City laws, codes or rules. This is not a Development Agreement under Government Code Section 65864.

Section 302 Condition of the Property

a. In making the PLHA Loan, the City makes no representation or warranty, express or implied regarding any condition of the Property. It shall be the sole responsibility of Owner, at Owner's expense, to investigate and determine all conditions of the Property and its suitability for the uses to which the Property is to be put in accordance with this Agreement. If the conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the sole responsibility and obligation of Owner, without cost to the City, to take such action as may be necessary to place the Property in all respects in a condition entirely suitable for its development and use in accordance with this Agreement.

b. Owner agrees to perform and be solely responsible for the clean-up of any Hazardous Materials on, in, under or within the Property, at the sole cost, risk and expense of Owner. Owner shall defend, indemnify and hold harmless the City and the Indemnified Parties from any claims, liability, injury, damages, costs and expenses (including, without limiting the generality of the foregoing, the cost of any required clean up of Hazardous Materials, and the cost of reasonable attorneys' fees) which may be sustained as the result of the presence or clean up of Hazardous Materials on, in, or under the Property. As a condition precedent to the Closing, Owner shall execute and deliver to the City the Environmental Indemnity attached hereto as Attachment No. 7.

Section 303 Scope of Development

The Property shall be developed in accordance with and within the limitations established in the Scope of Development attached to the AHA as Attachment No. 4. Owner shall carry out the development and management of the Property in conformity with all applicable requirements of the AHA, this Agreement, the Standard Agreement, and the PLHA Guidelines.

Section 304 Basic Concept and Schematic Drawings

a. Owner shall prepare and submit Basic Concept and Schematic Drawings and related documents for the improvements to the Property to the City for review and written approval within the time established in the Schedule of Performance attached to the AHA as Attachment No. 5. Basic Concept and Schematic Drawings shall include a site plan, elevations and sections of the improvements as they are to be developed on the Property.

b. The Property shall be improved as established in the Basic Concept and Schematic Drawings and related documents, except as changes may be mutually agreed upon between Owner and the City. All such changes shall be within the limitations of the Scope of Development.

Section 305 Demolition, Grading and Landscaping Plans

a. Owner shall prepare and submit to the City for its approval preliminary and final landscaping and preliminary and finish grading plans for the Property. The plans shall be prepared and submitted within the times established in the Schedule of Performance attached to the AHA as Attachment No. 5.

b. The landscaping plans shall be prepared by a professional landscape architect and the grading plans shall be prepared by a licensed civil engineer. Such landscape architect and/or civil engineer may be the same firm as Owner's architect. Within the times established in the Schedule of Performance attached to the AHA as Attachment No. 5, Owner shall submit to the City for approval the name and qualifications of its architect, landscape architect and civil engineer.

Section 306 Construction Drawings and Related Documents

a. Owner shall prepare and submit construction drawings and related documents (collectively called the "**Plans**") to the City for review (including but not limited to architectural review), and written approval in the times established in the Schedule of Performance attached to the AHA as Attachment No. 5. Such construction drawings and related documents shall be submitted as 50% and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain all building permits.

b. Approval of progressively more detailed Plans will be granted by the City if developed as a logical evolution of Plans theretofore approved. Any items so submitted and approved by the City shall not be subject to subsequent disapproval.

c. During the preparation of all Plans, the City and Owner shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by the City. The City and Owner shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the City can receive prompt and speedy consideration.

d. If any revisions or corrections of Plans approved by the City as lender to the Project shall be required by any government official, agency, department, or bureau having jurisdiction over the development of the Property, Owner and the City shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

Section 307 City Approval of Plans

a. Subject to the terms of this Agreement, the City shall have the right of review (including without limitation architectural review) of all Plans and submissions, including all proposed substantial changes to any such Plans or submissions previously approved by the City. Owner, upon receipt of a disapproval, shall revise the Plans, and shall resubmit to the City as soon as possible after receipt of the notice of disapproval. Disapprovals shall state in writing the reasons for disapproval and changes to submitted Plans which the City determines must be made in order to obtain approval. Such reasons and such changes shall be consistent with the Scope of Development and all items previously approved hereunder. The City's failure to notify Owner of approval or disapproval within thirty (30) days shall not be deemed to be approval of any matter.

b. If Owner desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change must be submitted to the City for approval.

Section 308 Cost of Construction

The Development Costs of the Project, including all offsite or onsite improvements required by the City in connection therewith, and the cost of relocation claims (if any) under Relocation Laws shall be the responsibility of Owner, without any cost to the City except as expressly set forth in this Agreement. Owner shall establish procurement procedures to ensure that materials and services are obtained in a cost-effective manner.

Section 309 Schedule

a. Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided herein, and if no such time is provided, within a reasonable time.

b. After the Closing, Owner shall promptly begin and thereafter diligently prosecute to completion the Project as described in the Scope of Development and the Plans approved by the City. Owner shall begin and complete all construction within the times specified in the Schedule of Performance attached to the AHA as Attachment No. 5 with such reasonable extensions of said dates as may be granted by the City Manager, provided Owner submits a timely written request with substantiating documentation that establishes good cause for such an extension, and provided such an extension will not have a detrimental effect on the City's interests.

c. During periods of construction, Owner shall submit to the City a written report of the progress of construction when and as reasonably requested by the City, but not more frequently than once every quarter. The report shall be in such form and detail as may be reasonably required

by the City and shall include a reasonable number of construction photographs (if requested) taken since the last report by the Owner.

Section 310 Indemnification and Insurance

a. Owner's Indemnity. To the maximum extent permitted by law, Owner agrees to and shall defend, indemnify and hold harmless the City and its officers, employees, contractors, attorneys, agents, insurers, and volunteers (collectively, the "**Indemnified Parties**") from and against all claims, liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or the property of any person resulting or arising from or in any way connected with the following, provided Owner shall not be responsible for (and such indemnity shall not apply to) any gross negligence or willful misconduct of the City or the Indemnified Parties:

(1) The existence, release, presence or disposal on, in, under, about or adjacent to the Property of any Hazardous Materials;

(2) The development, construction, marketing, use, operation or condition of the Property and the improvements thereon by Owner, its contractors, subcontractors, agents, employees or other persons acting on Owner's behalf;

(3) Any accident, personal injury or casualty on the Property or the improvements thereon;

(4) All Plans or designs for improvements prepared by or on behalf of Owner or its contractors, subcontractors, agents, employees or other persons acting on Owner's behalf, including without limitation all errors or omissions with respect to such Plans or designs;

(5) All loss or damage to City resulting from any inaccuracy in or breach of any representation or warranty of Owner, or resulting from any breach or default by Owner, under this Agreement;

(6) Claims of any kind related to Relocation Laws, including, without limitation, claims for relocation assistance pursuant to the Relocation Laws, Government Code Section 7260, inverse condemnation, taking, threatened taking or temporary taking or loss of good will; and

(7) Any and all actions, claims, damages, injuries, challenges and/or costs or liabilities arising from the approval of any and all entitlements or permits for the Project.

The obligation to indemnify will not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to the Indemnified Parties. The foregoing indemnification will apply to the extent of the violation of a legal duty, including but not limited to active or passive negligence, strict liability, breach of contract, or intentional or willful misconduct, by Owner or its contractors, suppliers, or vendors, of any contracting tier, or anyone

directly or indirectly employed by any of them, or anyone for whose acts Owner may be responsible. The Indemnified Parties will be entitled to recover attorney's fees incurred as a result of Owner's failure to provide the defense and indemnity required by this Section. The foregoing indemnities will survive termination of this Agreement.

b. Insurance Policies.

1. In addition to the insurance policies required by the PLHA Deed of Trust, Owner will provide the following insurance coverage. Commencing upon the first to occur of (i) entry by Owner onto the Property for any purposes hereunder and (ii) the Closing, and remaining in full force and effect until the Completion of the Project, Owner will maintain in effect and deliver to the City duplicate originals or appropriate certificates of the following insurance policies (collectively, the "**Insurance Policies**") naming the City and the Indemnified Parties as additional insureds or loss payees, as their interests may appear:

(A) All-Risk Policies: Owner will furnish evidence of, and will thereafter maintain or cause to be maintained a policy or policies of insurance against direct physical loss or damage by fire, lightning, wind, storm, explosion, collapse, underground hazards, flood, vandalism, malicious mischief, glass breakage and such other causes as are covered by such form of insurance. Such policy will include (1) an endorsement for broad form property damage, breach of warranty, demolition costs and debris removal, (2) a "Replacement Cost Endorsement" in an amount sufficient to prevent Owner from becoming a co-insurer under the terms of the policy, but in any event in an amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by City, and (3) an endorsement to include coverage for budgeted soft costs. The replacement cost coverage will be for work performed and equipment, supplies and materials furnished to the Property or any adjoining sidewalks, streets and passageways, or to any bonded warehouse for storage pending incorporation into the work, without deduction for physical depreciation and with a deductible not exceeding $25,000 per occurrence (except that earthquake coverage, if required by the City, will carry a deductible not to exceed 25% of the policy amount, or such other deductible amount as the City may reasonably determine is acceptable, in light of the cost of the premium for such insurance);

(B) Liability Insurance: Owner will maintain or cause to be maintained general liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of Owner on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Owner, or any person acting for Owner, or under its control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Owner or any person acting for Owner, or under its control or direction. Such property damage and personal injury insurance will also provide for and protect the Indemnified Parties against incurring any legal cost in defending claims for alleged

loss. Such personal injury and property damage insurance will be maintained in full force and effect until Completion of the Project in the following amounts: commercial general liability in a general aggregate amount of not less than Five Million Dollars ($5,000,000), Products and Completed Operations Aggregate of not less than Two Million Dollars ($2,000,000) and One Million Dollars ($1,000,000) each occurrence. Owner agrees that provisions of this paragraph as to maintenance of insurance will not be construed as limiting in any way the extent to which Owner may be held responsible for the indemnification of the Indemnified Parties or the payment of damages to persons or property resulting from Owner's activities or the activities of any other person or persons for which Owner is otherwise responsible.

(C) Automobile Insurance: Owner will maintain or cause to be maintained Commercial Automobile Liability insurance in an amount of not less than Two Million Dollars ($2,000,000) combined single limit, including owned, non-owned and hired automobile coverage.

(D) Workers' Compensation Insurance: Owner shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Owner in connection with the Property and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Owner. Notwithstanding the foregoing, Owner may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Owner shall deliver to City evidence that such self-insurance has been approved by the appropriate State authorities.

2. All policies or certificates of insurance shall provide that such policies shall not be canceled, reduced in coverage or limited in any manner without at least thirty (30) days prior written notice to City. All fire and liability insurance policies (not automobile and Workers' Compensation) shall name the City, the Indemnified Parties, and Owner as insureds, additional insureds, and/or loss payable parties as their interests may appear.

3. The Insurance Policies shall name as additional insureds the following:

> "The City of Palmdale and its officers, employees, contractors, agents and attorneys."

4. Owner agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Owner agrees to submit endorsements and binders or certificates evidencing such insurance to City at least 15 days prior to the Closing. Within thirty (30) days, if practicable, but in any event prior to expiration of any such policy, copies of renewal

policies, or certificates evidencing the existence thereof, shall be submitted to City. All insurance herein provided for under this Section shall be provided by insurers licensed to do business in the State of California and rated A-VII or better.

5. Owner must cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section. In addition, Owner must cause its architects and engineers to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on a "claims made basis" in an amount of not less One Million Dollars ($1,000,000). When coverage is provided on a "claims made basis", Owner must cause all contractors and subcontractors to continue to renew the insurance, with the same coverage and limits, for a period of ten (10) years after Completion of the Project, providing coverage for all claims arising out of any acts or omissions of Owner, or its officers, employees or agents.

6. If Owner fails or refuses to procure or maintain insurance as required by this Agreement, the City will have the right, but not the obligation, at City's election, and upon ten (10) days prior notice to Owner, to procure and maintain such insurance. The premiums paid by the City will be treated as a loan, due from Owner, to be paid on the first day of the month following the date on which the premiums were paid. The City will give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

7. Owner shall have the right in its discretion to provide the insurance coverage required by this Section through one or more umbrella policies, so long as the type and level of insurance protection to be maintained by Owner in accordance with this Section is not diminished by so doing (as reasonably determined by the City).

Section 311 Permits

Before commencement of construction of any buildings, structures or other work of improvement upon any portion of the Property, the Owner will, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such work. The disbursement of the PLHA Loan is subject, among other conditions, to the issuance of all permits required by the City for the development and construction of the Project.

Section 312 Rights of Access

Representatives of the City will have the right of access to the Property, without charges or fees, at any time, with reasonable prior notice, during the period of construction, for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Improvements.

Section 313 Disclaimer of Responsibility by City

The City neither undertakes nor assumes nor will have any responsibility or duty to Owner or to any third party to review, inspect, supervise, pass judgment upon or inform Owner or any third party of any matter in connection with the construction or development of the Project, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same, or otherwise. Owner and all third parties will rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Owner or to any third party by the City in connection with such matter is for the public purpose of developing the Project, and neither Owner (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The City will not be responsible for any of the work of development of the Property or the Project.

Section 314 Taxes, Assessments, Encumbrances and Liens

a. Owner will not allow any liens or encumbrances to be placed on the Property, except as expressly provided by this Agreement or otherwise approved in writing by the City, and will promptly take all necessary actions to remove any such liens or encumbrances. Nothing herein contained will be deemed to prohibit Owner from contesting in good faith the validity or amount of any encumbrance or lien, or to limit the remedies available to Owner in respect thereto.

b. Prior to the full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement, Owner will not place, or allow to be placed, on title to the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Owner will remove, or will have removed, any levy or attachment made on title to the Property (or any portion thereof), or will assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Owner will pay prior to delinquency, but not later than the imposition of any penalty, all real estate taxes and assessments assessed and levied on or against the Property. Nothing herein contained will be deemed to prohibit Owner from contesting in good faith the validity or amount of any tax assessment, or to limit the remedies available to Owner in respect thereto. The covenants of the Owner set forth in this Section will remain in effect until full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement.

Section 315 Local, State and Federal Laws

a. Owner hereby agrees to carry out construction, development (as defined by applicable law) and operation of the improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable federal and state labor laws, including, without limitation, the payment of state prevailing wages. Owner also covenants and warrants that it will comply with all applicable laws, ordinances, codes, rules and regulations of the state local and federal governments, and all amendments thereto. Owner

also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

b. Owner agrees that it will have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Owner agrees that it will have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Owner agrees that it will have the obligation, at Owner's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Owner will indemnify, protect, defend and hold harmless the Indemnified Parties, with counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the construction, development (as defined by applicable law) and/or operation of the Project, including the Pool Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Owner of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Owner to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Owner to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Owner to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law.

c. It is agreed by the parties that, in connection with the construction, development (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Owner will bear all risks of payment or nonpayment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section will have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. The foregoing indemnity will survive termination of this Agreement.

Section 316 Nondiscrimination

Owner shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Owner understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Owner and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

Section 317 Prohibition against Transfer

a. Prior to the full reconveyance of the PLHA Deed of Trust and expiration of the term of the Regulatory Agreement, Owner shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or the improvements thereon, without prior written approval of the City. This prohibition shall not be deemed to prohibit Permitted Transfers.

b. In the event Owner does or attempts to assign this Agreement or any of the rights herein, or does or attempts to sell, transfer, convey or assign the Property or the buildings or structures thereon prior to the full reconveyance of the PLHA Deed of Trust without the approval of the City in violation of this Agreement, subject to the notice and cure provisions hereof, the City shall have the right to terminate this Agreement.

c. In the absence of a specific written agreement by the City, and except as otherwise provided in this Agreement, no such sale, transfer, conveyance or assignment of this Agreement or the Property (or any portion thereof), or approval by the City of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Owner or any other party from any obligations under this Agreement.

Section 318 Removal of Liens and Encumbrances

Owner shall not allow any liens or encumbrances to be placed on the Property, except as expressly provided by this Agreement or otherwise approved in writing by the City, and shall promptly take all necessary actions to remove any such liens or encumbrances.

ARTICLE IV USE OF THE PROPERTY

Section 401 Uses

Owner, its successor and assigns shall use the Property only for the uses specified in the AHA, the Regulatory Agreement, and this Agreement specifically including the following:

a. The Property shall be developed and used for the operation of affordable housing, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) rented exclusively to and occupied by Low Income households at an Affordable Rent. No change in the use of the Property shall be permitted without the prior written approval of the City.

b. City, and its successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Section. Owner covenants that it shall comply with any monitoring program set up by City to enforce said covenants. In complying with such monitoring program, Owner or its agent shall prepare and submit to City an occupancy report, financial information and income verification documents for each tenant of an Affordable Unit, and all supporting documentation, on forms provided by Owner, annually, setting forth the required information for the preceding year. On an annual basis, Owner or its agent shall additionally submit to City evidence of each tenant's continuing eligibility for the units. City shall review such reports for certification of continuing affordability of units and eligibility of tenants.

c. No officer, employee, agent, official or consultant of Owner may occupy either of the units.

Section 402 Maintenance of the Property

Owner shall maintain the Property in accordance with the requirements of the Regulatory Agreement.

Section 403 Obligation to Refrain from Discrimination

Owner covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner itself or any person claiming under or through it 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 of the Property.

Section 404 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City for 55 years after the issuance of a certificate of occupancy for the Project.

Section 405 Regulatory Agreement

Concurrently with the Close of Escrow, Owner and City shall execute and cause the recordation of the Regulatory Agreement substantially in the form attached to this Agreement as Attachment No. 9. The covenants contained in the Regulatory Agreement shall remain in effect for 55 years after the issuance of a certificate of occupancy for the Project.

ARTICLE V DEFAULTS AND REMEDIES

Section 501 Defaults - General

a. Subject to the extensions of time set forth in Section 602, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event shall such period exceed sixty (60) days from the date such notice is received or deemed received. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Section 502 Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county.

Section 503 Applicable Law

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement, without giving effect to the principles governing conflicts of laws.

Section 504 Acceptance of Service of Process

a. In the event that any legal action is commenced by the Owner against the City, service of process on the City will be made by personal service upon the City Manager or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the City against the Owner, service of process on the Owner will be made by personal service upon the Owner (or upon a general partner, managing member or officer of the Owner) and will be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 505 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies will not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 506 Damages

Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party will serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the defaulting party will be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

Section 507 Specific Performance

Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement (except with respect to monetary defaults), the non-defaulting party will serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 508 Non-Recourse

The obligation to repay the PLHA Loan is a nonrecourse obligation of Owner and its partners. Neither Owner nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of the City with respect to repayment of the PLHA Loan shall be the exercise of its rights against the Property and the Improvements and any related security for the PLHA Loan. Notwithstanding the foregoing, the City may:

a. obtain a judgment or order (including, without limitation, an injunction) requiring Owner or any other party to perform (or refrain from) specified acts other than repayment of the PLHA Loan; and

b. recover directly from Owner or any other party:

1. all damages, costs and expenses incurred by the City as a result of fraud or any criminal act or acts of Owner or any partner, shareholder, officer, director or employee of Owner or of any general partner of Owner or of any member of a general partner of Owner;

2. all damages, costs and expenses incurred by the City as a result of misappropriation of funds provided for the construction of the Improvements, as described in this Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

3. all amounts owing by Owner pursuant to Owner's indemnification regarding Hazardous Materials provided to the City in connection with this Agreement; and

4. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

Section 509 Termination by City

a. Subject to the notice and cure provisions of Section 501, the City will have the right to terminate this Agreement prior to Closing by providing written notice to Owner in the event any of the following occurs:

(1) failure of any condition precedent to the occurrence of the Closing; or

(2) Owner fails to submit to the City the evidence of financing within the time established therefor in the Schedule of Performance attached to the AHA as Attachment No. 5, and has failed to cure such default within thirty (30) days after receiving written notice from the City; or

(3) Except for a Permitted Transfer, Owner (or any successor in interest) assigns or attempts to assign the Agreement or any right therein, or transfers the Property (or any portion thereof or interest therein), in violation of this Agreement; or

(4) there is substantial change in the ownership of the Owner, or with respect to the identity of the parties in control of Owner, or the degree thereof in violation of this Agreement; or

(5) Owner fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in the Schedule of Performance attached to the AHA as Attachment No. 5, and has failed to cure such default within thirty (30) days after receiving written notice from the City.

b. After the Closing, subject to the notice and cure provisions of Section 501, the City will have the right to terminate this Agreement by providing written notice to Owner, and all outstanding amounts due under the PLHA Note will become immediately due and payable by Owner in the event of a default by Owner, including but not limited to the following:

(1) Owner fails to commence construction of the Project within the time provided in the Schedule of Performance attached to the AHA as Attachment No. 5, subject to Force Majeure delays; or

(2) Owner abandons or suspends the Project for a period of thirty (30) days; or

(3) except for a Permitted Transfer, there is substantial change in the ownership of the Owner, or with respect to the identity of the parties in control of Owner, or the degree thereof in violation of this Agreement; or

(4) except for a Permitted Transfer, Owner assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement; or

(5) Owner fails to comply with the PLHA Guidelines or the terms and conditions of the PLHA Loan or otherwise materially breaches this Agreement.

c. Without any right to notice and cure, the City will have the right to terminate this Agreement by providing written notice to Owner, and all outstanding amounts due under the PLHA Note will become immediately due and payable by Owner in the event that the AHA terminates for any reason.

ARTICLE VI GENERAL PROVISIONS

Section 601 Notices

Formal notices, demands and communications between City and Owner will be deemed sufficiently given if dispatched by first class mail, registered or certified mail, postage prepaid, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), to the addresses of City and Owner as set forth herein. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, will be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof.

Section 602 Enforced Delay: Extension of Time of Performance

a. Performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, unusually severe weather, inability to secure necessary labor, material or tools, delays of any contractor, subcontractor or supplier, acts of the other party, or acts or failure to act of the City of Palmdale in its governmental capacity or any other public or governmental agency or entity (except that acts or failure to act of the City in its capacity as lender to the Project shall not excuse performance of the City).

b. An extension of time for any such cause (a "**Force Majeure Delay**") shall be for the period of the enforced delay but in no event longer than ninety (90) days and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date and the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within thirty (30) days after it obtains actual knowledge of the event. Times of performance under this Agreement may also be extended in writing by the City and Owner.

Section 603 Conflict of Interest

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

b. Owner warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

Section 604 Nonliability of City Officials and Employees

No member, official, agent, legal counsel or employee of City will be personally liable to Owner, or any successor in interest in the event of any default or breach by City or for any amount which may become due to Owner or successor or on any obligation under the terms of this Agreement.

Section 605 Inspection of Books and Records

Subject to and without limiting Article VIII hereof:

a. Owner will maintain complete, accurate, and current records pertaining to the performance of this Agreement and to the Property for a period of five (5) years after the creation of such records, and will permit any duly authorized representative of the City to inspect and copy records, during regular business hours upon reasonable advance notice. Records must be kept accurate and current.

b. The City reserves the right to inspect, monitor, and observe work and services performed by Owner at any and all reasonable times.

c. The City reserves the right to audit the records of Owner any time during the performance of this Agreement and for a period of five years after final payment is made under this Agreement.

Section 606 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of City or Owner in this Agreement, including the attachments to this Agreement, will not be unreasonably withheld or delayed. All approvals will be in writing. Failure by either party to approve a matter within the time provided for approval of the matter will not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter will not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the City will be deemed granted by the written approval of the City Manager or designee. City agrees to provide notice to Owner of the name of any designee of the City Manager on a timely basis and to provide updates from time to time. Notwithstanding the foregoing, the City Manager may, in his or her sole discretion, refer to the City Council any item requiring City approval; otherwise, "City approval" means and refers to approval by the City Manager or designee.

Section 607 Real Estate Commissions

Neither Owner nor City will be liable for any real estate commissions or brokerage fees which may arise from this Agreement. Owner and City each represents that it has engaged no broker, agent or finder in connection with this Agreement.

Section 608 Construction and Interpretation of Agreement

a. The language in all parts of this Agreement will in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction will be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, will be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby and each other term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and

include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

Section 609 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

Section 610 No Partnership

Nothing contained in this Agreement will be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause City to be responsible in any way for the debts or obligations of Owner or any other Person.

Section 611 Compliance with Law

Owner agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Project. The judgment of any court of competent jurisdiction, or the admission of Owner or any lessee or permittee in any action or proceeding against them, or any of them, whether City be a party thereto or not, that Owner, lessee or permittee has violated any such ordinance or statute in the development and use of the Property will be conclusive of that fact as between City and Owner.

Section 612 Binding Effect

This Agreement, together with the agreements, covenants and warranties contained herein, will be binding on and will inure to the benefit of the parties hereto and all of their respective successors and assigns, whether voluntary or involuntary or by agreement or operation of law.

Section 613 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of City and Owner, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

Section 614 Authority to Sign

Owner hereby represents that the persons executing this Agreement on behalf of Owner have full authority to do so and to bind Owner to perform pursuant to the terms and conditions of this Agreement.

Section 615 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 616 Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

Section 617 Severability

If any provision of this Agreement will be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions of this Agreement will not be affected thereby, but this Agreement will be construed as if such invalid, illegal or unenforceable provisions had not been contained herein, and the remainder of this Agreement will be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

ARTICLE VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement may be executed in duplicate originals, each of which is deemed to be an original. This Agreement, including all of the Attachments appended to this Agreement, constitutes the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental to this Agreement, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of City or Owner, and all amendments to this Agreement must be in writing and signed by the appropriate authorities of City and Owner.

ARTICLE VIII PLHA REQUIREMENTS

The following provisions are required by use of the PHLA Funds and Owner agrees that all of the following apply to the Project and the Property and further agrees to comply with all of the following with respect to the Project and the Property:

a. Housing First To the extent applicable, Owner must provide eligible activities in a manner consistent with the housing first practices described in California Code of Regulations, title 25, section 8409(b)(1)-(6) and if funds are approved to provide permanent housing, the Project shall incorporate the core components of Housing First as provided in Section 8255(b) of the Welfare and Institutions Code.

b. Monitoring Activities

(1) Onsite monitoring visits by City and HCD shall occur whenever determined necessary by City or HCD, but at least once during the term of the PLHA Loan.

(2) City and HCD may monitor Owner's performance based on a risk assessment according to the terms of the Standard Agreement.

(3) City may be required to submit to HCD all PLHA monitoring documentation necessary to ensure Owner is in continued compliance with PLHA requirements. Owner agrees to provide such documentation requested by City by the date specified in City's request.

c. Reporting and Audits

(1) If requested by City, Owner shall submit an annual report to City by July 10 of each year that reports all activities from the previous fiscal year (7/1 – 6/30), on forms prepared by HCD.

(a) The annual report shall include, at a minimum:

(i) Amounts of the PLHA Loan disbursed and activities PLHA Loan funds were applied to.

(ii) Income levels of households assisted with PLHA Loan funds and affordability level for the Affordable Units.

(iii) Close out report once all PLHA Loan funds have been disbursed and all activities funded during the fiscal year.

(iv) Any additional information requested by the City or HCD.

(2) City and HCD each reserve the right to perform or cause to be performed a financial audit at Owner's expense.

(3) If a financial audit is required by the City or HCD, the audit shall be performed by an independent certified public accountant. Selection of an independent audit firm shall be consistent with procurement standards contained in 24 CFR 85.36.

(4) Owner shall notify City and HCD of the auditor's name and address immediately after the selection has been made. The contract for the audit shall allow access by the City and HCD to the independent auditor's working papers.

(5) Owner is responsible for the completion of audits and all costs of preparing audits.

(6) If there are audit findings, Owner must submit a detailed response acceptable to City and HCD for each audit finding within ninety (90) days from the date of the audit finding report.

d. Retention and Inspection of Records

(1) Owner is responsible for maintaining records, which fully disclose the activities funded by the PLHA Loan. Adequate documentation of each transaction shall be maintained to permit the determination, through an audit if requested by City or HCD, of the accuracy of the records and the allowability of expenditures charged to PLHA Loan funds.

(2) Owner agrees that City and HCD or theirs designees shall each have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. Owner agrees to provide City and HCD or their designees with any relevant information requested. Owner agrees to permit City and HCD or their designees access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with the PLHA statutes and PLHA Guidelines, the Standard Agreement, and this Agreement.

(3) Owner agrees to retain all records for a period of five (5) years after the end of the term of this Agreement:

(a) If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, all records must be retained until completion of the action and resolution of all issues, which arise from it.

(b) Owner also agrees to include in any contract that it enters into in an amount exceeding $10,000, City and HCD's independent right to audit the contractor's records and interview their employees. Owner shall comply with the caveats and be aware of the penalties for violation of fraud and for obstruction of investigation as set forth in California Public Code Section 10115.10.

4. The determination by City and/or HCD of the eligibility of any expenditure shall be final. If the eligibility of any expenditure cannot be determined because records or documentation are inadequate, the expenditure may be disallowed, and City or HCD shall determine the reimbursement method for the amount disallowed.

5. Owner shall retain all books and records relevant to this Agreement for a minimum of five years after the end of the term of this Agreement. Records relating to any and all audits or litigation relevant to this Agreement shall be retained for five years after the conclusion or resolution of the matter.

e. Relocation Owner shall comply with all requirements of applicable California Relocation Laws. Any relocation plan for the Project shall be subject to the review and approval by City and HCD.

f. Compliance with Law Owner agrees to comply with all State and Federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the PLHA Loan and PLHA Loan activities.

g. Good Standing Owner certifies that it is qualified to do business and is in good standing with the California Secretary of State and the California Franchise Tax Board.

h. Compliance with Conditions Owner agrees to comply with all conditions of this Agreement. Failure to comply with conditions may result in cancellation of this Agreement.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the City and Owner have signed this Agreement as of the date first written above.

"CITY"

THE CITY OF PALMDALE, CALIFORNIA

By: _____
Ronda Perez
City Manager

ATTEST:

By: _____
Roxanne Faber
City Clerk

APPROVED AS TO FORM:

By: _____
William P. Curley, III
City Attorney

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
City Special Counsel

"OWNER"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

ATTACHMENT NO. 1

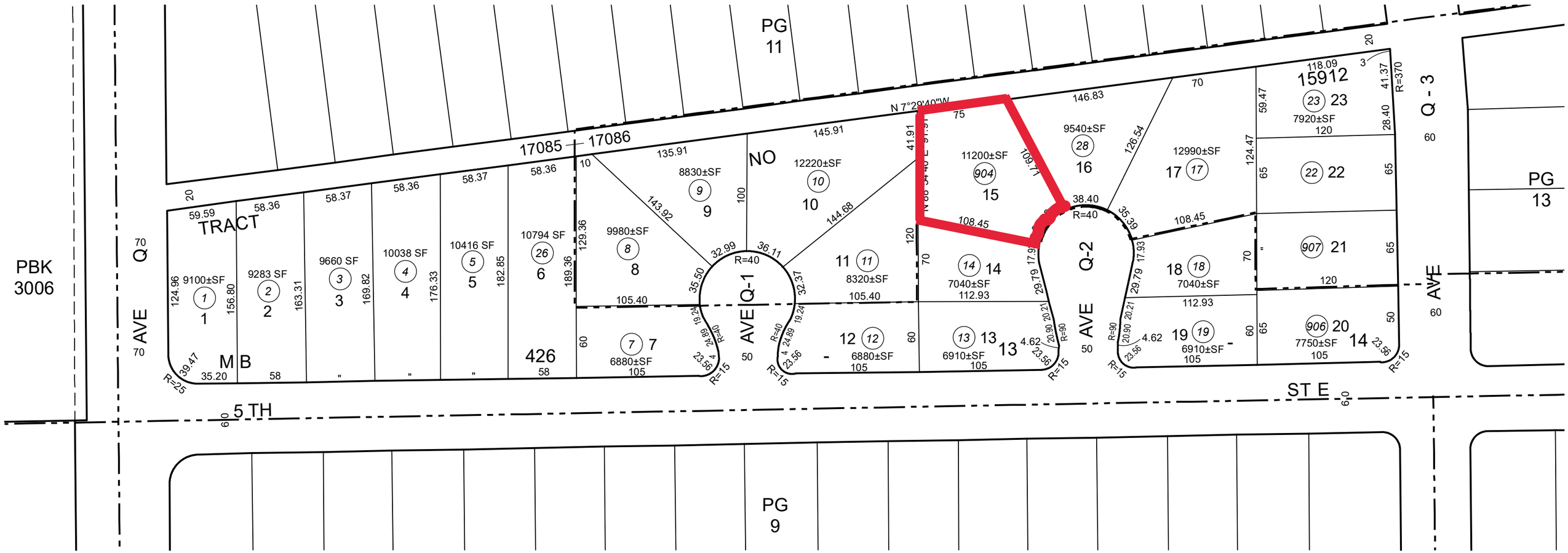
SITE MAP

(behind this page)

3008	10 SHEET	P. A. 996-10	TRA 17085 17086	REVISED 10-24-62 710302	710325 790123 2002032802009001-A1	2003072110007001-A1 2004120610001005-A1 2005021602003001-A1	2008031904002001-A1 2012030102-A1 2012112002-A1	2013082902001001-A1 2015051108003001-A1 20220630	SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2023

MAPPING AND GIS SERVICES
SCALE 1" = 80'



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE, UNLESS OTHERWISE NOTED.

Date Printed: 4/30/2015 11:26:44 AM
Date Saved: 7/21/2022 12:42:17 PM

ATTACHMENT NO. 2

LEGAL DESCRIPTION

(behind this page)

LEGAL DESCRIPTION OF PROPERTY

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

APN 3008-010-904

ATTACHMENT NO. 3

PROJECT BUDGET

(behind this page)

PDC Q2-Family Rental Development Budget

Project Name: **0**
Developer: **Advancing Communities Together**
Address: **Palmdale , Ca 93350**

Green Cells are User Input
White Cells are Automatically Calculated Values

Uses

Acquisition Costs:

Acquisition: Land		$ 80,000
Escrow/Title		$ 5,000
Total Acquisition:		***$ 85,000***

Construction:

Contract with GC (incl profit, OH, gen conditions)		$ 30,000
Bond Premium		$ -
Construction Contingency	10%	$ 3,000
Total Construction:		***$ 33,000***

Costs:

Building Permit, License & Fees		$82,500.00
Architect or Rehab Specialist - Specs/Estimates		$16,000.00
Foundation/Grading		$90,579.41
Plumbing		$75,000.00
Electrical		$50,000.00
Framing		$88,750.00
Insulation		$9,117.00
Stucco		$28,477.40
Roofing		$19,690.00
HVAC		$20,000.00
Windows		$13,750.00
Doors/ Exteriors/Garage		$4,998.17
Drywall		$23,750.00
Furniture Fixtures & Equipment		$61,250.00
Interior Finished		$14,750.00
Cabinets		$26,250.00
Flooring		$9,875.00
Concrete Flat work		$27,000.00
Landscaping		$41,250.00
contingency		$1,998.00
Soft Cost Contingency	8%	$55,998.96

Developer Fee		
Total Soft Costs:		***$793,983.94***

Total Development Cost:	***$911,983.94***

Sources

Supportable Debt (see Operating Budget)	**$**	**-**
Additional Sources of Funds:		
Housing Authority Loan	$	80,000
Owner/Investor Equity	$	10,000
PLHA Loan/Grant	$	821,984
Total Development Sources:	***$***	***911,984***
Gap/(Or Excess Sources):	***$***	***(0)***

ATTACHMENT NO. 4

PLHA NOTE

(behind this page)

PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO THE CITY OF PALMDALE, CALIFORNIA
(A-8909)

0% Palmdale, California
$821,985.94 _____, 2024

FOR VALUE RECEIVED, ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Borrower**"), hereby promises to pay to THE CITY OF PALMDALE, a municipal corporation of the State of California ("**City**"), or order, a principal amount of Eight Hundred Twenty-One Thousand Nine Hundred Eighty-Five Dollars and Ninety-Four Cents ($821,985.94), or so much thereof as may be advanced by the City to the Borrower as the PLHA Loan pursuant to the Permanent Local Housing Allocation Funds Loan Agreement dated as of _____, 2024, (the "**PLHA Loan Agreement**") between Borrower ("Owner" therein) and the City, incorporated herein by this reference. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the PLHA Loan Agreement. Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

1. This Promissory Note ("**Note**") evidences the obligation of the Borrower to the City for the repayment of the PLHA Loan. This Promissory Note is made pursuant to the PLHA Loan Agreement. This Note is subject to the terms of the Regulatory Agreement, which will encumber the Property to secure performance of the covenants of the PLHA Loan Documents.

2. This Note is payable at the principal office of City, 38300 Sierra Highway, Palmdale, California 93550, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

3. This Note shall be secured by the PLHA Deed of Trust.

4. This Note shall accrue simple interest at the rate of zero percent (0%) per annum on the principal amount outstanding, from the date of disbursement.

5. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable upon the date that is fifty-five (55) years from the date of this Note ("**Maturity Date**") or upon the earlier occurrence of any of the following:

(a) the date the Property or any improvements thereon or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the City, except as permitted by the provisions of the PLHA Loan Agreement; or

(b) the date on which there is a default by the Borrower under the terms of this Note, the PLHA Loan Agreement, the PLHA Deed of Trust, the Regulatory Agreement, or any deed of trust or other instrument securing a loan on the Property or any improvements thereon or any portion thereof or interest therein, which is not cured or waived within the respective time period provided herein and therein; or

(c) the date on which Borrower enters into or executes any loan, deed of trust, mortgage, financing, or refinancing the Property or any improvements thereon or any portion thereof or interest therein without the prior written approval of the City.

6. Except in the event of a default or event described in Section 5 hereof, no payments will be due and payable under this Note prior to the Maturity Date. Upon the occurrence of an event of a default described in Section 5 hereof, the outstanding portion of the principal shall bear interest at the rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law.

7. Borrower may prepay this Note, or any part hereof, without penalty.

8. Prohibition Against Transfer.

(a) Prior to the repayment in full of the PLHA Loan, the Borrower will not assign or attempt to assign the PLHA Loan Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the improvements thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of the City, except as otherwise permitted in this Note or the PLHA Loan Agreement. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. If consent should be given, any such transfer will be subject to this Section 8, and any such transferee must assume all obligations hereunder and agree to be bound by all provisions contained herein.

(b) Any such proposed transferee must have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the City, to fulfill the obligations undertaken by Borrower in the PLHA Loan Agreement, the Regulatory Agreement, and this Note. Any such proposed transferee, by instrument in writing satisfactory to the City and in form recordable among the official records of Los Angeles County, for itself and its successors and assigns, and for the benefit of the City must expressly assume all of the obligations of the Borrower under the PLHA Loan Agreement, the Regulatory Agreement, and this Note, and agree to be subject to all conditions and restrictions applicable to the Borrower in the PLHA Loan Agreement, the Regulatory Agreement, and this Note. There will be submitted to the City for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the City its approval will be indicated to the Borrower in writing.

(c) In the absence of specific written agreement by the City, no Transfer, or approval thereof by the City, will be deemed to relieve the Borrower or any other party from any obligations under the PLHA Loan Agreement, the PLHA Deed of Trust, the Regulatory Agreement, or this Note.

(d) In the event of a Transfer prior to the time the PLHA Loan is paid in full without the prior written consent of the City, the remaining principal balance of the PLHA Loan and all accrued but unpaid interest will be immediately due and payable.

(i) As used herein, "Transfer" includes the sale, transfer or conveyance of the Property, any improvements thereon, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, or any agreement to do so; the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property or the improvements; or the lease of all or substantially all of the Property or improvements, except the lease for occupancy of all or any part of the improvements on the Property in accordance with the PLHA Loan Agreement.

(ii) "Transfer" will also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Borrower, or any conversion of Borrower to an entity form other than that of Borrower at the time of execution of this Note, except for the following: (A) a cumulative change in the ownership interests of any individual limited liability company member of forty-nine percent or less will not be deemed a "Transfer" for purposes of this Note; and (B) a transfer of a portion or a majority of stock of any corporation to a trust formed in connection with a qualified employee ownership plan will not, by itself, be deemed to constitute a change in ownership for purposes of this Note.

(iii) Notwithstanding paragraphs (i) and (ii), "Transfer" will not include any Permitted Transfers, as defined in the PLHA Loan Agreement.

(e) The City will not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder. Disapprovals will be in writing and contain the City's reasons for disapproval.

9. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the PLHA Deed of Trust or any term or provision of either.

10. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of the PLHA Loan Agreement or the Regulatory Agreement or the PLHA Deed of Trust, the holder may exercise its rights or remedies hereunder or thereunder.

11. Failure or delay by Borrower to perform any material term or provision of this Note, the PLHA Loan Agreement, the Regulatory Agreement, or the PLHA Deed of Trust constitutes a default under this Note.

(a) For defaults under this Note, the City shall give written notice of default to Borrower, specifying the default complained of by the City. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(b) Any failures or delays by the City in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by City in asserting any of its rights and remedies shall not deprive the City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(c) If a monetary event of default occurs under this Note, prior to exercising any remedies hereunder, the City shall give the Borrower written notice of such default. The Borrower shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the City.

(d) If a non-monetary event of default occurs under this Note, prior to exercising any remedies hereunder, the City shall give Borrower notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by the City. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the City provided however in no event shall such additional time exceed ninety (90) days.

(f) A notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the addresses specified for the Borrower in this Note, or (ii) by electronic facsimile transmission to the facsimile numbers specified for the Borrower in this Note, followed by delivery by the method described in clause (i), or (iii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the addresses specified for the Borrower in this Note. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission or (ii) the date marked on a written postal

service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either party gives notice of a change of address in the manner specified in this paragraph, all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

(g) Cure periods hereunder shall not change, modify, or increase any cure periods under the PLHA Loan Agreement, the Regulatory Agreement, or the PLHA Deed of Trust.

12. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid.

13. (a) The obligation to repay the PLHA Loan is a nonrecourse obligation of the Borrower and its partners. Neither the Borrower nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of the City with respect to repayment of the PLHA Loan shall be the exercise of its rights against the Property and the improvements and any related security for the PLHA Loan. Notwithstanding the foregoing, the City may:

(i) obtain a judgment or order (including, without limitation, an injunction) requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the PLHA Loan; and

(ii) recover directly from Borrower or any other party:

(A) all damages, costs and expenses incurred by the City as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower or of any general partner of Borrower or of any member of a general partner of Borrower;

(B) all damages, costs and expenses incurred by the City as a result of misappropriation of funds provided for the construction of the Improvements, as described in the PLHA Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(C) all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Materials provided to the City in connection with the PLHA Loan Agreement; and

(D) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

14. (a) The address of Borrower for purposes of receiving notices pursuant to this Note is as follows: 38626 9th Street East, Palmdale, CA 93550.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

ATTACHMENT NO. 5

PLHA DEED OF TRUST

(behind this page)

Recording Requested by
and When Recorded Return to:

City Clerk, City Of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording Requested
(Govt. Code §27383)

Advancing Communities Together
APN: 3008-010-904

Agreement No. A-8909

DEED OF TRUST, SECURITY AGREEMENT, AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) BY ADVANCING COMMUNITIES TOGETHER FOR THE BENEFIT OF THE CITY OF PALMDALE (PLHA LOAN)

This Deed of Trust, Security Agreement, and Fixture Filing (With Assignment of Rents) is given by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation (hereinafter referred to as "**Trustor**") (whose address is 38626 9th Street East, Palmdale, California, 93550), to _____, (hereinafter called "**Trustee**"), for the benefit of THE CITY OF PALMDALE, a municipal corporation of the state of California (hereinafter called "**Beneficiary**"), whose address is 38300 Sierra Highway, Palmdale, California 93550.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "**Trust Estate**"):

(a) That certain real property in the City of Palmdale, County of Los Angeles, State of California more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereafter referred to as the "**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "**Improvements**");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "**Appurtenances**"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "**Real Property**");

(e) subject to the terms of the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "**Rents**");

(f) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "**UCC**"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "**Goods**," and together with the Real Property, the "**Property**"); and

(g) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and

purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

(1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) a promissory note in the original principal amount of $821,985.94 executed by Trustor ("Borrower" therein) of approximately even date herewith (the "**Promissory Note**");

(b) the Permanent Local Housing Allocation Funds Loan Agreement dated as of _____, 2024 (the "**Loan Agreement**"), between Trustor and the Beneficiary;

(c) the Regulatory Agreement and Declaration of Restrictive Covenants between Trustor and Beneficiary, recorded concurrently herewith ("**Regulatory Agreement**"); and

(2) payment of indebtedness of the Trustor to the Beneficiary in the principal sum of $821,985.94 or so much thereof as shall be advanced, evidenced by the Promissory Note, with interest, according to the terms of the Promissory Note.

The Loan Agreement, including all Attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the Regulatory Agreement, the Promissory Note, the Assignment of Rents, the Assignment of Agreements, and the UCC-1 financing statements, all as described in the Loan Agreement (collectively referred to as the "**Secured Obligations**") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Any capitalized term that is not otherwise defined in this Deed of Trust shall have the meaning ascribed to such term in the Loan Agreement.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Promissory Note at the time and in the manner provided therein, and perform the obligations of the Developer as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Regulatory Agreement;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That, subject to the prior rights, if any, of a lender whose lien is senior to this Deed of Trust (each a "**Senior Lender**"), all rents, profits and income from the Trust Estate are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Loan Agreement.

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements hereafter constructed on the Subject Property in accordance with the Loan Agreement insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by the Beneficiary, and all such insurance shall be evidenced by standard fire and extended

coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies shall be deposited with the Beneficiary;

7. To pay, at least 10 days before delinquency, all taxes and assessments affecting the Property; to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, the Beneficiary may also require Trustor

to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions, and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the Promissory Note shall at the option of the Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in an amount one-and-one-half (12) times the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of the Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of any Senior Lender, if any, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of any Senior Lender, if any, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the Promissory Note secured hereby. No amount applied to the reduction of the principal shall relieve the Trustor from making regular payments as required by the Promissory Note, if any;

18. Upon default by Trustor in making any payments provided for in the Promissory Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Section 34 of this Deed of Trust, below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed, the Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the full reconveyance of this Deed of Trust and expiration of the term of the Regulatory Agreement, the Trustor shall not assign or attempt to assign the Loan Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of the Beneficiary, except as otherwise permitted in the Loan Agreement. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive

transactions. If consent should be given, any such transfer shall be subject to this Section 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of paragraph e(3) of this Section 19.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Beneficiary, to fulfill the obligations undertaken by Trustor in the Loan Agreement and the PLHA Loan Documents. Any such proposed transferee, by instrument in writing satisfactory to the Beneficiary and in form recordable among the land records of Los Angeles County, for itself and its successors and assigns, and for the benefit of the Beneficiary shall expressly assume all of the obligations of the Trustor under the Loan Agreement and the PLHA Loan Documents, and agree to be subject to all conditions and restrictions applicable to the Trustor in the PLHA Loan Documents, subject to the provisions of paragraph e(3) of this Section 19. There shall be submitted to the Beneficiary for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the Beneficiary its approval shall be indicated to the Trustor in writing.

c. In the absence of specific written agreement by the Beneficiary, no unauthorized Transfer, or approval thereof by the Beneficiary, shall be deemed to relieve the Trustor or any other party from any obligations under the Loan Agreement or any other PLHA Loan Document.

d. In the event of a Transfer prior to the full reconveyance of this Deed of Trust and expiration of the term of the Regulatory Agreement and without the prior written consent of the Beneficiary, the net proceeds (after repayment in full of any loan from a Senior Lender, if any, and the reconveyance of any and all deeds of trust from any Senior Lender, if any), shall be paid to the Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the PLHA Loan.

e. (1) As used herein, "Transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e(3) of this Section 19, below.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Loan Agreement, except that a cumulative change in ownership interest of any general partner of forty-nine percent (49%) or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding paragraphs (1) and (2), above, "Transfer" shall not include a Permitted Transfer to the extent permitted under the Loan Agreement or the conveyance of a security interest to the beneficiary of a deed of trust securing a loan approved by the City to be prior in right to the PLHA Loan, or the conveyance of title to the Property or Project in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such senior loan;

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Promissory Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied and after the expiration of the term of the Regulatory Agreement, and upon surrender of this Deed of Trust and the Promissory Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Promissory Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust.

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the construction of improvements on the Property, including 2 dwelling units

of affordable housing for Low Income households, and such dwelling units shall be occupied exclusively by such persons as set forth in the Secured Obligations.

30. Trustor agrees that upon sale or refinancing of the Project and/or Property or any interest therein the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable.

31. The obligation to repay the PLHA Loan is a nonrecourse obligation of the Trustor and its partners. Neither Trustor nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the PLHA Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party:

(a) all damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any general partner of Trustor, or of any member of a general partner of Trustor;

(b) all damages, costs and expenses incurred by Beneficiary as a result of misappropriation of funds provided for the construction of the Project, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Materials pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary shall pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in such enforcement or collection action).

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by any of the following force majeure events, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor: War; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this

transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any governmental authority (except acts or failure to act of the Beneficiary in its capacity as lender shall not excuse performance by the Beneficiary); the imposition of any applicable moratorium by a governmental authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a force majeure event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

33. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

34. (a) Subject to the extensions of time set forth in Section 32, and subject to the further provisions of this Section 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably

capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(f) Except as otherwise required to comply with the provisions of California Civil Code Section 2924 *et seq*. that are applicable thereto, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

35. In the event of a default or breach by Trustor of a security instrument securing a deed of trust securing any loan from any Senior Lender, if any, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of all such disbursements shall be a lien against the Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law.

[remainder of page left intentionally blank]
[signatures on following page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

Exhibit A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

APN: 3008-010-904

ATTACHMENT NO. 6

ASSIGNMENT OF AGREEMENTS

(behind this page)

ASSIGNMENT OF AGREEMENTS, PLANS, SPECIFICATIONS AND ENTITLEMENTS (Agreement No. A-8909)

FOR VALUE RECEIVED, the undersigned, ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), pursuant to that certain Permanent Local Housing Allocation Funds Loan Agreement between Owner and THE CITY OF PALMDALE, a municipal corporation ("**City**"), dated as of _____, 2024, as it may be amended or modified from time to time ("**PLHA Loan Agreement**"), hereby assigns to the City all of Owner's rights and interest, but not its obligations, in, under and to the following, as they relate to the Project (defined in the PLHA Loan Agreement), as of _____, 2024 ("**Effective Date**"):

1. All architectural, design, engineering, or development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, "**Architectural or Engineering Agreements**") heretofore or hereafter entered into or prepared by any Architect/Engineer, engineer or other person or entity (collectively "**Architect/Engineer(s)**"), for or on behalf of Owner in connection with the development of the Project;

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "**Plans and Specifications**") heretofore or hereafter prepared by any architect, engineer or other person or entity (collectively "**Architect/Engineer(s)**"), for or on behalf of Owner in connection with the construction and rehabilitation of the Project; and

3. All governmental permits, approvals and entitlements (collectively "**Entitlements**") relating to the development and operation of the Project heretofore or hereafter granted by the City of Palmdale or any other governmental authority having jurisdiction over the Property (as defined in the PLHA Loan Agreement).

The Architectural or Engineering Agreements, Plans and Specifications and Entitlements consist of those which Owner has heretofore entered into, received or obtained and shall include but not be limited to those described in the Schedule of Architectural and Engineering Agreements, Plans and Specifications and Entitlements attached to this Assignment as Exhibit A.

This ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS AND ENTITLEMENTS ("**Assignment**") constitutes a present and absolute assignment to City as of the Effective Date. Owner represents and warrants to City, as of the Effective Date, that, to the actual knowledge of Owner: (a) all Architectural or Engineering Agreements entered into by Owner are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural or Engineering Agreements; (b) all copies of the Architectural or Engineering Agreements and Plans and Specifications delivered to City are complete and correct copies; and (c) Owner has not assigned any of its rights under the Architectural and Engineering Agreements or with respect to the Plans and Specifications, except as previously disclosed in writing and approved by City.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Owner consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of Owner and City.

The attached Consent, Schedule 1, and Exhibit A are incorporated by reference.

"OWNER"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

CONSENT

[TO BE ADDED FOR EACH ARCHITECT, LANDSCAPE ARCHITECT AND ENGINEER PREPARING PLANS FOR THE PROJECT]

The undersigned Architect/Engineer ("**Architect**" or "**Engineer**" as the case may be) hereby consents to the foregoing Assignment to which this Consent ("**Consent**") is part, and acknowledges that there presently exists no unpaid claims due to the Architect/Engineer except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Owner and/or the performance of the Architect/Engineer's obligations under the Assignment.

Architect/Engineer agrees that if City shall become the owner of said Property and elects to undertake or the construction of the Project on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect/Engineer written notice of such election; THEN, so long as Architect/Engineer has received, receives or continues to receive the compensation called for under the Architectural or Engineering Agreements, City may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect/Engineer will continue to perform its obligations under the Architectural or Engineering Agreements for the benefit and account of City in the same manner as if performed for the benefit or account of Owner in the absence of the Assignment.

Architect/Engineer warrants and represents that they have no knowledge of any prior assignment(s) of any interest in either the Plans and Specifications and/or the Architectural or Engineering Agreements except to the City of Palmdale on or about the date hereof. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Executed on _____, 2024.

ARCHITECT/ENGINEER:

By: _____

Architect/Engineer's Address: _____
_____
_____

City's Address:

CITY OF PALMDALE
Attn: City Manager
38300 Sierra Highway
Palmdale, California 93550

SCHEDULE 1 TO ASSIGNMENT
SCHEDULE OF UNPAID CLAIMS

Schedule 1 to Assignment of Agreements, Plans and Specifications and Entitlements dated as of _____ _____, 2024 by and between ADVANCING COMMUNITIES TOGETHER as "Owner", and THE CITY OF PALMDALE, as "City".

EXHIBIT A

LIST OF ARCHITECTURAL OR ENGINEERING AGREEMENTS, PLANS AND SPECIFICATIONS AND ENTITLEMENTS

[to be inserted]

ATTACHMENT NO. 7

ENVIRONMENTAL INDEMNITY

(behind this page)

ENVIRONMENTAL INDEMNITY BY ADVANCING COMMUNITIES TOGETHER IN FAVOR OF THE CITY OF PALMDALE (A-8909)

THIS ENVIRONMENTAL INDEMNITY ("**Indemnity**"), dated as of _____, 2024, is made by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Borrower**"), whose address for purposes of giving notice is 38626 9th Street East, Palmdale, California, 93550, in favor of THE CITY OF PALMDALE (the "**City**"), whose address for purposes of giving notice is 38300 Sierra Highway, Palmdale, California 93550.

WITNESSETH

WHEREAS, Borrower is the owner of the real property in the City of Palmdale described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon (collectively referred to as the "**Property**");

WHEREAS, Borrower and the City entered into that certain Permanent Local Housing Allocation Funds Loan Agreement, dated as of _____, 2024, as it may be amended from time to time ("**PLHA Loan Agreement**"), pursuant to which City agreed to loan funds to Borrower to construct the Project on the Property (the "**Loan**") (the PLHA Loan Agreement and the documents and instruments referred to therein which are being executed by Borrower concurrently herewith are referred to collectively as the "**City Documents**"); and

WHEREAS, Borrower has agreed to execute and deliver to City this Indemnity to induce City to make the Loan to the Borrower.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees with City as follows:

1. DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" or "**Hazardous Substances**" shall include, but not be limited to, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.*; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws.

Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the PLHA Loan Agreement with the same force and effect as if set forth in full below.

2. COVENANTS AND INDEMNITY

The following covenants, and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Borrower covenants that the Property shall not be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower shall not release or dispose of any Hazardous Materials at the Property without the express written approval of City and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by City.

(d) City shall have the right, at any time, to conduct an environmental audit of the Property at City's expense, unless Hazardous Materials are found, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give City and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, City may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Borrower under this Section 2.

(f) Borrower shall immediately advise City in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Borrower with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower shall indemnify, protect, and hold City and its employees, officers, agents and consultants harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against City or its employees, officers, agents and consultants, or any of them, and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by City or its employees, officers, agents and consultants, or any of them, of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder.

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations shall be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the City Documents or affecting any of the rights of City with respect thereto. The obligations of Borrower hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the City Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination, or cancellation of any of the City Documents, or any change in the time, manner, or place of payment or performance of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the City Documents;

(c) Any extension of the maturity of the Loan or any waiver of, or consent to any departure from, any provision contained in any of the City Documents;

(d) Any exculpatory provision in any of the City Documents limiting City's recourse to property encumbered by the Deed of Trust securing the Loan, or to any other security, or limiting City's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the Loan;

(f) The insolvency or bankruptcy of Borrower, Borrower, or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower, Borrower, or any other indemnitor or guarantor with respect to the Loan or any or all of the Obligations.

3.2 Continuation. This Indemnity (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Loan or the release or other extinguishment of the City Deed of Trust securing the Borrower's obligations under the City Documents; and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by City upon the insolvency, bankruptcy, or reorganization of Borrower, Borrower or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the City Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) City has at any time or in any manner substantially participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;

(c) Notice of any action taken by City, Borrower, or any other interested party under any Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that City protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that City exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of City to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by City, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of Borrower or any other right of Borrower to proceed against Borrower.

5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served or mailed by first-class certified mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, of the party to whom such notice

is to be given (or to such other address as the parties hereto shall designate in writing). Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service) shall be deemed received on the documented date of receipt; and any notice that is sent by first-class certified mail, return receipt requested shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to City at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Borrower and City, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is in writing and signed by City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of City to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of City provided herein and in the other City Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of City under any Loan Document against any party thereto are not conditional or contingent on any attempt by City to exercise any of its rights under any other Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Borrower, and Borrower's successors and assigns; and (b) inure, together with all rights and remedies of City hereunder, to the benefit of City, their respective directors, officers, employees, and agents, any successors to City's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of City's rights and remedies under the City Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, City may, subject to, and in accordance with, the provisions of the City Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to City herein or otherwise. None of

the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of City.

6.6 Borrower hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 Except to the extent that the laws of the United States preempt the laws of the State of California, this Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, without reference to the legal principles governing conflicts of law.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 8

ASSIGNMENT OF RENTS

(behind this page)

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

CITY OF PALMDALE
38300 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8909

ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT OF RENTS AND LEASES ("**Assignment**") is made as of_____ _____, 2024 by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), in favor of the CITY OF PALMDALE, a municipal corporation, its successors, and assigns (collectively, the "**City**").

RECITALS

A. Owner is the owner of a fee interest in and to the real property described in Exhibit A attached hereto, and the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. City has agreed to loan funds to Owner pursuant to the terms of that certain Permanent Local Housing Allocation Funds Loan Agreement by and between the City and Owner dated _____, 2024, as it may be amended or modified from time to time (the "**PLHA Loan Agreement**"). In accordance with the PLHA Loan Agreement, the Owner agreed to record against the Premises that certain Regulatory Agreement and Declaration of Restrictive Covenants dated on or about the date hereof by and between the Owner and the City ("**Regulatory Agreement**"). The performance obligations by the Owner under the PLHA Loan Agreement, including the Regulatory Agreement and the PLHA Note (collectively, the "**Secured Obligations**") are secured by that certain Deed of Trust, Security Agreement and Fixture Filing, of even date herewith, executed by Owner, as Trustor, for the benefit of City, as Beneficiary (the "**Deed of Trust**").

C. In order to induce City to loan funds to Owner and enter into the PLHA Loan Agreement, Owner has agreed to execute this Assignment.

NOW, THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt of which is hereby acknowledged, Owner agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the PLHA Loan Agreement.

2. Subject to the prior rights, if any, of a lender whose lien is senior to the Deed of Trust held by Assignee, if any ("**Senior Lender**"), Owner hereby absolutely grants, sells, assigns, transfers, and sets over to City, by this Assignment, all of Owner's interests, whether now existing or hereafter acquired, in all leases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants ("**Lessees**") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the "**Leases**" and individually as a "**Lease**".)

3. Owner's purpose in making this Assignment is to relinquish to City its right to collect and enjoy the rents, royalties, issues, profits, income, and other benefits at any time accruing by virtue of the Leases (hereinafter called "**Rents and Profits**").

4. The parties intend that this Assignment shall be a present, absolute and unconditional assignment, and shall, immediately upon execution, give the City the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the obligations under the Secured Obligations, as well as all other sums payable under the Deed of Trust or any other instrument given as security for the Secured Obligations. However, the City hereby grants to Owner a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Leases, so long as there is no default by Owner in performance of the terms, covenants, or provisions of the Deed of Trust, the PLHA Loan Agreement, the PLHA Note, the Regulatory Agreement, or this Assignment, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by City or by a receiver, shall be construed to make City a "mortgagee in possession" of the Premises so long as City has not entered into actual possession of the Premises.

5. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, this Assignment shall constitute a direction and full authority to each Lessee under any Lease and each guarantor of any Lease to pay all Rents and Profits to City without proof of the default relied upon. Owner hereby irrevocably authorizes each Lessee and guarantor to rely upon and comply with any notice or demand by City for the payment to City of any Rents and Profits due or to become due.

6. Owner represents and warrants as to each Lease now or hereafter covering all or any portion of the Premises, unless City has been otherwise advised in writing by Owner:

a. That each Lease is in full force and effect;

b. That no material default exists on the part of the Lessee thereunder or Owner;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Lease or any interest therein has been previously assigned or pledged, except to the extent required by the maker of a Senior Loan;

e. That no Lessee under any Lease has any defense, setoff or counterclaim against Owner; and

f. That all rent due to date under each Lease has been collected and no concession has been granted to any Lessee in the form of a waiver, release, reduction, discount, or other alteration of rent due or to become due except as previously disclosed to Owner in writing.

7. Owner agrees with respect to each Lease:

a. If any Lease provides for a security deposit paid by the Lessee to Owner, and subject to the prior rights, if any, of a Senior Lender, this Assignment, subject to any prior assignment to any Senior Lender, transfers to City all of Owner's right, title, and interest in and to each such security deposit; provided, however, that Owner shall have the right to retain said security deposit so long as Owner is not in default, after the expiration of any applicable notice and cure periods, under this Assignment, the Deed of Trust, or the Secured Obligations; and provided further that City shall have no obligation to the Lessee with respect to such security deposit unless and until City comes into actual possession and control of said security deposit.

b. If any Lease provides for the abatement of rent during repair of the leased premises by reason of fire or other casualty, Owner shall furnish rental insurance to City, the policies to be with companies and in form, content, policy limits, and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Lease shall remain in full force and effect despite any merger of the interest of Owner and any Lessee thereunder. Owner shall not terminate any Lease (except pursuant to the terms of the Lease upon a default by any Lessee thereunder), or materially modify or amend any Lease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of City, which consent shall not be unreasonably withheld.

d. Owner shall not hereafter execute any Lease, the terms and conditions of which have not been previously approved in writing by City, which approval shall not be unreasonably withheld or delayed.

e. Owner shall not collect any Rents and Profits more than thirty (30) days in advance of the date on which they become due under the terms of any Lease.

f. Owner shall not discount any future accruing Rents and Profits.

g. Owner shall not consent to any assignment of any Lease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of City.

h. Owner shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law, except to any Senior Lender.

i. Owner shall not request, consent to, agree to, or accept a subordination of any Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Premises or any part thereof, or suffer or permit conversion of any Lease to a sublease, without City's prior written consent.

j. Owner shall faithfully perform and discharge all obligations of the lessor under each Lease, and shall give prompt written notice to City of any notice of Owner's default received from any Lessee or any other person and furnish City with a complete copy of said notice. Owner shall appear in and defend, at no cost to City, any action or proceeding arising under or in any manner connected with any Lease. If requested by City, Owner shall enforce each Lease and all remedies available to Owner against the Lessee in the case of default under the Lease by the Lessee.

k. Any Lease of a part of the Premises shall, upon written notice from City to Owner, be deemed included in this Assignment as though originally listed herein.

l. At City's option, Owner shall not hire, retain, or contract with any third party for property management services with respect to the Premises, without the prior written approval of City of such party and the terms of its contract for management services.

m. Nothing herein shall be construed to impose any liability or obligation on City under or with respect to any Lease. Owner shall indemnify, defend, and hold City and its officers, directors, agents, employees, and representatives (collectively, the "**Indemnitees**" and individually an "**Indemnitee**") harmless from and against any and all liabilities, losses, and damages that any Indemnitee may incur under any Lease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by City under any Lease or this Assignment, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss, or damage under any Lease or by reason of this Assignment and such liability, loss, or damage falls within the foregoing indemnification, Owner shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees) and court costs incurred by such Indemnitee. All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by City may be applied by City, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense, or fees.

8. Owner hereby grants to City the following rights, subject to any prior assignment to any Senior Lender:

a. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, City shall be deemed to be the creditor of each Lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership, or other debtor relief proceedings affecting such Lessee, without obligation on the part of City, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. City shall have the right to assign Owner's right, title, and interest in the Leases to any subsequent holder of the Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent City shall have all the rights and powers herein provided to City.

c. City shall have the right (but not the obligation), upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, to take any action as City may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of the lessor under any Lease; and Owner agrees to pay, on demand, all costs and expenses, including without limitation reasonable attorneys' fees and court costs incurred by City in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum.

d. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, and without notice to or consent of Owner, City shall have the following rights (none of which shall be construed to be obligations of City):

e. City shall have the right under this Assignment to use and possess, without rental or charge, the fixtures, equipment, and personal property of the Owner located in or on the Premises and used in the operation or occupancy thereof. City shall have the right to apply any of the Rents and Profits to pay installments due for personal property rented or purchased on credit, insurance premiums on personal property, or other charges relating to personal property in or on the Premises. However, this Assignment shall not make City responsible for the control, care, management, or repair of the Premises or any personal property or for the carrying out of any of the terms or provisions of any Lease.

f. City shall have the right to apply the Rents and Profits and any sums recovered by City hereunder to the outstanding obligations under the Secured Obligations, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

g. City shall have the right to take possession of the Premises, manage and operate the Premises and Owner's business thereon, and to take possession of and use all books of

account and financial records of Owner and its property managers or representatives relating to the Premises.

h. City shall have the right to execute new Leases of any part of the Premises, including Leases that extend beyond the term of the Deed of Trust.

i. City shall have the right to cancel or alter any existing Leases.

ii. City shall have the irrevocable authority, as Owner's attorney-in-fact, such authority being coupled with an interest, to sign the name of Owner and to bind Owner on all papers and documents relating to the operation, leasing and maintenance of the Premises.

i. All of the foregoing rights and remedies of City are cumulative, and City shall also have upon the occurrence of any such default all other rights and remedies provided under this Assignment, the Secured Obligations, the Deed of Trust, or other agreement between Owner and City, or otherwise available at law or in equity or by statute. Failure of City to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

9. Notwithstanding any future modification of the terms of the Deed of Trust, the Secured Obligations, or this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of City in accordance with the terms of this Assignment.

10. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors, and assigns of the parties hereto (including without limitation in the case of City, any third parties now or hereafter acquiring any interest in the Secured Obligations or other obligations of Owner under the Deed of Trust or a part thereof, whether by virtue of assignment, participation, or otherwise). The words Owner, City, and Lessee, wherever used herein, shall include the persons and entities named herein or in any Lease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named City or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, shall be sufficient for all purposes notwithstanding that City may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine, or neuter gender, as may fit the case.

11. Any change, amendment, modification, abridgment, cancellation, or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of City.

12. Upon satisfaction of the obligations secured hereby and Deed of Trust, as evidenced by a recorded satisfaction or release of the Deed of Trust, this Assignment shall be void and of no further effect.

13. All notices, demands, approvals, and other communications provided for in this Assignment shall be in writing and be delivered by personal delivery or certified U.S. mail with return receipt requested to the appropriate party at its address as follows:

If to Owner: Advancing Communities Together
38626 9th Street East
Palmdale, California 93550

If to City: City of Palmdale
38300 Sierra Highway
Palmdale, California 93550
Attn: City Manager

Addresses for notice may be changed from time to time by written notice to all other parties. Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service) shall be deemed received on the documented date of receipt; and any notice that is sent by first-class certified mail, return receipt requested shall be deemed received on the date of receipt thereof.

14. This Assignment shall be recorded in the Official Records of Los Angeles County, California, and Owner shall pay all fees, charges, costs, and expenses of such recording.

15. If any provision hereof is determined to be illegal or unenforceable for any reason, the remaining provisions hereof shall not be affected thereby.

16. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

17. If City should bring any action to enforce its rights hereunder at law or at equity, Owner shall reimburse City for all attorneys' fees and costs expended in connection therewith.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

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

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 9

REGULATORY AGREEMENT

(behind this page)

Recording Requested by
and When Recorded Return to:

City Clerk, City Of Palmdale
38300 Sierra Highway, Suite C
Palmdale, California 93550-4611

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GOVERNMENT BUSINESS
Free Recording Requested
(Govt. Code §27383)

Advancing Communities Together
APN: 3008-010-904

Agreement No. A-8909

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
Permanent Local Housing Allocation Funds Loan

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("**Agreement**") is entered into as of _____, 2024 by and between THE CITY OF PALMDALE, a municipal corporation ("**City**"), and ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), as follows:

RECITALS

A. Owner is the fee owner of that certain vacant property located at a cul-de-sac on E Avenue Q-2 between Avenue Q and E Avenue Q3 and east of 5th Street E, in the City of Palmdale, California (the "**Property**"), which is legally described in Exhibit "A" attached hereto and incorporated herein by reference.

B. Owner is required to develop on the Property an affordable residential rental development for hereinafter defined Low Income Households, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) ("**Project**"). For the purpose of development of rental housing that is affordable to Low Income Households (as defined herein), City has provided financial assistance for the development of the Project from funds (the "**PLHA Funds**") received from the California Department of Housing and Community Development ("**HCD**") from the Permanent Local Housing Allocation ("**PLHA**") program.

C. In accordance with the Permanent Local Housing Allocation Program Guidelines adopted by HCD with regard to the use of the PLHA Funds, City and Owner enter into this Agreement which imposes income and affordability requirements.

D. The City has agreed to make the PLHA Funds available for the Project on the condition that the Property be maintained and operated in accordance with Health and Safety Code Section 50470 and guidelines promulgated thereunder, and in accordance with restrictions concerning affordability, operation, and maintenance of the Property, as specified in this Agreement.

E. In consideration of receipt of the financial assistance of the PLHA Funds to the Project, Owner has further agreed to observe all the terms and conditions set forth below.

F. Owner is willing to impose the conditions, covenants, restrictions and agreements set forth in this Agreement upon the ownership and operation of the Property and the Project that will bind the Property, the Project, Owner and Owner's successors and assigns.

THEREFORE, the City and the Owner hereby agree as follows.

ARTICLE 1 DEFINITIONS

1.1 Definitions

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "**Affordable Rent**" shall comply with the PLHA Guidelines and shall mean gross monthly Rent that does not exceed the maximum monthly rent for an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median Income adjusted for family size appropriate for the unit, as published by from time to time by TCAC.

(b) "**Area Median Income**" or "**AMI**" means the median gross income for Los Angeles County as determined by the Secretary of the Treasury of the United States for purposes of Section 42 of the Internal Revenue Code of 1986, and any related regulations published from time to time by TCAC.

(c) "**City Assisted Unit**" (in the aggregate, referred to herein as "**City Assisted Units**") means each of the two (2) two-story units (3 bedrooms/ 2 bath per unit) in the duplex rental apartment to be constructed on the Property and rented exclusively to and occupied by Low Income Households at Affordable Rent which are restricted herein.

(d) "**Deed of Trust**" means the deed of trust to the City recorded against the Property concurrently herewith which secures the Promissory Note evidencing the PLHA Loan and the performance of the PLHA Loan Agreement and this Agreement, as the same may be amended or modified from time to time.

(e) "**Low Income Household**" means an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median Income, including Utilities Allowance, adjusted for family size appropriate for the unit, as published from time to time by TCAC.

(f) "**Low Income Rent**" means the maximum allowable rent for each City Assisted Unit pursuant to Section 2.2, below.

(g) "**MHP Guidelines**" means the Multifamily Housing Program Final Guidelines effective June 19, 2019, as the same may be amended or modified from time to time.

(h) "**PLHA Guidelines**" means the Permanent Local Housing Allocation Final Guidelines dated October 2019, as the same may be amended or modified from time to time.

(i) "**PLHA Loan**" means all funds loaned to the Owner by the City pursuant to the PLHA Loan Agreement from PLHA Funds.

(j) "**PLHA Loan Agreement**" means the PLHA Loan Agreement entered into by and between the City and the Owner, dated as of _____, 2024, as the same may be amended or modified from time to time.

(k) "**Rent**" means the same as "gross Rent," as defined in the Internal Revenue Code (26 USC 42(g)(2)(B). It includes all mandatory charges, other than deposits, paid by the tenant for the use and occupancy of a City Assisted Unit, plus a utility allowance established in accordance with TCAC Regulations. For City Assisted Unit assisted under the U.S. Department of Housing and Urban Development (HUD) Section 8 or similar rental subsidy program, Rent includes only the tenant contribution portion of the contract rent.

(l) "**Standard Agreement**" means Standard Agreement No. 20-PLHA-15629 (A-7538) by and between HCD and the City signed by HCD on August 5, 2021, as amended by that Amendment to Standard Agreement by and between HCD and the City signed by HCD on July 29, 2022, as the same may be amended or modified

from time to time.

(m) "**TCAC**" means the California Tax Credit Allocation Committee, established by Revenue and Taxation Code Section 18410.2.

(n) "**Tenant**" means a household occupying a City Assisted Unit.

(o) "**Term**" means the term of this Agreement, which shall commence on the date of this Agreement and shall continue for 55 years after the issuance of a certificate of occupancy for the Project or _, 20___. These deed restrictions and covenants running with the land shall remain in force, without regard to the term of any mortgage or the transfer of ownership by the Owner or any subsequent Owner, commencing on the date of this Agreement.

(p) "**Utilities Allowance**" means an allowance for utilities services costs as established from time to time by the City.

ARTICLE 2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

Each of the two (2) City Assisted Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households and shall be provided in a manner that complies with the PLHA Guidelines.

2.2 Affordable Rent

(a) Affordability Requirements. Rent for each the two (2) City Assisted Units shall meet affordability requirements in a manner that complies with the PLHA Guidelines and shall be gross monthly Rent that does not exceed the maximum monthly rent for an individual or household with a household income equal to or less than thirty percent (30%) of the then current Area Median Income adjusted for family size appropriate for the unit, as published by from time to time by TCAC.

(b) Rent for each City Assisted Unit must comply with the MHP Guidelines Section 7312 and the MHP Guidelines Section 7301 definition of "Affordable Rent".

(c) Initial rent for each City Assisted Unit shall be approved by the City prior to occupancy. Rent for each City Assisted Unit may be increased only once in any twelve (12) month period, based on changes in Area Median Income, or changes in the income level of the

household occupying the City Assisted Unit as set forth herein; provided that the rent for each City Assisted Unit shall never exceed the Allowable Rent for the household occupying the City Assisted Unit.

(d) The Project shall comply with the following mix of units in accordance with all of the terms and conditions of this Agreement:

Income Restriction (% of AMI)	# of Bedrooms (Studio units are "0" bedroom)	PLHA-Funded Income Restricted Units	Non-PLHA Income Restricted Units	Unrestricted Units	Total Units
Manager Unit	0	0	0	0	0
Mod (80%-120% AMI)	0	0	0	0	0
ELI (up to 30% AMI)	0	0	0	0	0
LI (30%-80% AMI) – **60% of AMI**	6 (3 bedrooms in each unit)	2	0	0	2
Above Mod (120+%)	0	0	0	0	0
Not Restricted	0	0	0	0	0

2.3 Tenant Lease Requirements

Each Tenant lease shall contain a provision to the effect that Owner has relied on the income certification and supporting information supplied by the Tenant in determining qualification for occupancy of a City Assisted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

In addition, each Tenant lease shall contain a provision that if, at any time, the Owner determines that a Low Income Household's income has increased and exceeds the limit for a Low Income Household and exceeds the qualifying limit for a "lower income" household as set forth in California Health and Safety Code section 50079.5, which is a maximum of 80 percent (80%) of AMI, then such Tenant shall vacate such City Assisted Unit on or prior to the expiration of the 6-month period following the notice from Owner pursuant to Section 2.5(b), below.

2.4 Tenant Protections

The Project is subject to just cause for eviction. For a termination to qualify as "for cause," the Owner shall demonstrate any of the following circumstances with respect to a termination of tenancy. Nothing in this Section shall abrogate the protections afforded to survivors of violence consistent with the California Code of Civil Procedure Section 1161.3, as amended, and the Violence Against Women Act, Public Law 102-322, as amended.

(a) Failure to Pay Rent. Tenant failed to pay rent within three days of receiving written notice from the Landlord demanding payment as provided in subsection 2 of California Code of Civil Procedure section 1161.

(b) Breach of Rental Contract. Tenant violated a material term of the rental agreement as provided in subsection 3 of California Code of Civil Procedure section 1161.

(c) Tenant Illegal Activities. Tenant has been convicted for using the City Assisted Unit for an illegal purpose as provided in subsection 4 of California Code of Civil Procedure section 1161, including but not limited to the unlawful distribution of a controlled substance as contemplated by California Civil Code section 3486, the unlawful use, manufacture, or possession of weapons and ammunition as contemplated by California Civil Code section 3485, or for of a serious crime or violent felony as defined by applicable law, which occurred during the tenancy and within 1,000 feet of the City Assisted Unit. For purposes of this subsection, tenant household, after receiving a written notice, may cure the violation by removing, and demonstrating such removal, of the offending Tenant.

(d) Threat of Violent Crime. Any statement made by a Tenant, or at his or her request, by his or her agent to any person who is on the property that includes the City Assisted Unit or to the landlord, or his or her agent, threatening the commission of a crime which will result

in death or great bodily injury to another person, with the specific intent that the statement is to be taken as a threat, even if there is no intent of actually carrying it out, when on its face and under the circumstances in which it is made, it is so unequivocal, immediate and specific as to convey to the person threatened, a gravity of purpose and an immediate prospect of execution of the threat, and thereby causes that person reasonably to be in sustained fear for his or her own safety or for his or her immediate family's safety.

(e) Nuisance Behavior. The Tenant, after written notice to cease and the passage of a reasonable period of time to abate or cure, continues to be so disorderly or to cause such a nuisance as to destroy the peace, quiet, comfort, or safety of the landlord or other Tenants of the structure or rental complex containing the City Assisted Unit. Such nuisance or disorderly conduct includes violations of state and federal criminal law that destroy the peace, quiet, comfort, or safety of the landlord or other Tenants of the structure or rental complex containing the City Assisted Unit, or the creation or maintenance of a dangerous or unsanitary condition in violation of applicable local, state, and federal law, and may be further defined in the regulations adopted by the City.

(f) Notwithstanding the limitations of California Code of Civil Procedure Section 1161.3, as amended, act or acts constituting domestic violence or sexual assault or stalking against the Tenant or a member of Tenant's household cannot form the substantial basis of a for cause reason to terminate the tenancy of the victim of such acts. A member of a Tenant household may raise such facts as an affirmative defense to an action terminating the tenancy.

2.5 Increased Income of Tenant Households.

(a) Increase from Low Income to at or below "Lower Income". If upon recertification of income for a Tenant of a City Assisted Unit, the Owner determines that Tenant's income has increased and exceeds the qualifying income for a Low Income Household (but does not exceed the qualifying limit for a "lower income" household as set forth in California Health and Safety Code section 50079.5, which is a maximum of 80 percent (80%) of AMI), the Tenant shall continue to be deemed a Low Income Household for purposes of this Agreement until such time as such Tenant's income exceed the qualifying limit for a "lower income" household as set forth in California Health and Safety Code section 50079.5, which is a maximum of 80 percent (80%) of AMI, at which time subsection (b) shall apply.

(b) Non-Qualifying Household. If, at any time, the Owner determines that a Low Income Household's income has increased and exceeds the limit for a Low Income Household and exceeds the qualifying limit for a "lower income" household as set forth in California Health and Safety Code section 50079.5, which is a maximum of 80 percent (80%) of AMI, then such Tenant shall be given six (6) months' notice to vacate the City Assisted Unit and shall thereafter be required to vacate on or prior to the expiration of said 6-month period.

2.6 Tax Credit Rules.

If the Project is subject to federal low-income housing tax credit requirements, the provisions of those requirements regarding continued occupancy by households whose incomes exceed the eligible income limitations may apply in place of the provisions set forth in Section 2.5.

ARTICLE 3
INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

(a) Owner will obtain and maintain on file an income computation and certification form from any prospective tenant dated immediately prior to the date of initial occupancy. Owner will verify that the income information provided by an applicant is accurate by following all applicable City policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtain two (2) pay stubs from the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is reasonably satisfactory; or (v) obtain such other information as may be reasonably required.

(b) Owner will update income records annually and provide copies of updated Tenant eligibility records and monthly rental records to the City for review. Upon review of such records, the City may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Owner will retain the records described in this Section for a period of not less than five (5) years after the date each record was created.

3.2 Annual Report to City.

The Owner shall submit to the City (a) not later than July 1st of each calendar year, a statistical report, including income and rent data for each of the City Assisted Unit and racial and ethnicity data of all households, setting forth the information called for therein, use of PLHA Funds, or such other data as may be reasonably requested by the City, and (b) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the City in order to comply with reporting requirements of HCD.

3.3 Additional Information.

The Owner shall provide any additional information reasonably requested by the City. The City shall have the right to examine and make copies of all books, records or other documents of the Owner which pertain to the Project.

3.4 Records.

The Owner shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Owner shall retain copies of all materials obtained or produced with respect to occupancy of the City Assisted Units for a period of at least five (5) years.

3.5 Other Records.

Owner acknowledges that the PLHA Loan it received from the City comes from the PLHA Program. Owner agrees to comply with requests of the City for information for information necessary for the City's reporting obligations to HCD and all agrees to provide all information and records required under the PLHA Loan Agreement, the PLHA Guidelines, and the Standard Agreement.

ARTICLE 4 OPERATION OF THE PROJECT

4.1 Affordable Residential Rental Use.

Owner shall only use the Property and operate the Project as permanent affordable rental housing in accordance with the PLHA Loan Agreement and to the extent applicable to the Project and Property, the PLHA Guidelines and the Standard Agreement.

4.2 Compliance with PLHA Loan Agreement, Standard Agreement, and PLHA Guidelines.

Owner shall comply with all the terms and provisions of the PLHA Loan Agreement and to the extent applicable to the Project and Property, the PLHA Guidelines and the Standard Agreement.

4.3 Taxes and Assessments.

Owner shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or

payable by it, at such times and in such manner as to prevent any penalty from accruing, or any line or charge from attaching to the Property; provided, however, that Owner shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Owner exercises its right to contest any tax, assessment, or charge against it, Owner, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

4.4 Condominium Conversion.

The Owner shall not convert any City Assisted Unit in the Project to condominium or cooperative ownership or sell condominium or cooperative conversion rights in the Project or the Property during the Term of this Agreement.

ARTICLE 5
PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities.

The Owner is responsible for all management functions with respect to the Property, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City shall have no responsibility over management of the Project and/or the Property. The Owner shall retain a professional property management company approved by the City in its reasonable discretion to perform its management duties hereunder. If Owner becomes qualified as a professional property management company, this could be approved by the City in lieu of an outside management company.

5.2 Management Agent; Periodic Reports.

The Property shall at all times be managed by an experienced management agent reasonably acceptable to the City, with demonstrated ability to operate residential facilities like the Property in a manner that will provide decent, safe, and sanitary housing (as approved, the "**Management Agent**"). The Owner shall submit for the City's prior written approval the identity of any proposed Management Agent. The Owner shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the City to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above.

5.3 Approval of Management Policies.

The Owner shall submit its written management policies with respect to the Project to the City for its review and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

5.4 Property Maintenance.

The Owner agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, City, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials.

5.5 Replacement of Management Agent.

If the City determines in its reasonable judgment that the Project is not being operated and managed in accordance with the requirements and standards of this Agreement, the City shall deliver notice to the Owner of its intention to cause replacement of the Management Agent and the reasons for such intention. Within fifteen (15) days of receipt by the Owner of such written notice, City and Owner shall meet in god faith to consider methods for improving the financial and operating status of the Project, including, without limitation, replacement of the Management Agent. If, after such meeting, the City elects to proceed with the replacement of the Management Agent, the City shall so notify the Owner in writing within fifteen (15) days following the meeting. Thereupon, Owner shall promptly dismiss the Management Agent and appoint as the new Management Agent a person or entity approved by the City pursuant to Section 5.2, above. Any contract for the Management Agent entered into by Owner shall be approved in advance by the City and shall provide that the contract can be terminated, as set forth above. Owner's failure to dismiss the Management Agent in accordance with this Section shall constitute a default under the Agreement, and the City may enforce this provision through any legal remedy available to it.

5.6 Insurance Coverage.

The Owner shall cause to have in full force and effect during the Term of this Agreement insurance coverage as required by the PLHA Loan Agreement.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions.

The form of Tenant lease utilized by Owner shall be submitted to the City for review and approval and shall comply with all requirements of this Agreement and the PLHA Loan Agreement, the PLHA Guidelines and the Standard Agreement, and shall, among other matters provide for

termination of the lease and consent by the Tenant to immediate eviction for only for just cause, as defined in Section 2.4 and shall provide the provisions required by Section 2.3.

6.2 Nondiscrimination.

Owner covenants, by and for itself and all persons claiming under or through Owner, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property or the Project, nor shall Owner or any person claiming under or through Owner 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, sublessees, subtenants, or vendees in the Property or the Project. Owner shall market City Assisted Unit in accordance with the HUD-approved affirmative fair housing marketing plan and all Federal, State, or local fair housing and equal opportunity requirements.

6.3 Section 8 Certificate Holders.

The Owner will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective Tenants, nor shall the Owner apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of City Assisted Unit by such prospective Tenants.

6.4 Term.

The provisions of this Agreement shall apply to the Property for the entire Term. This Agreement shall bind any successor, heir or assign of the Owner, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The earlier expiration or termination of the PLHA Loan Agreement or earlier repayment of the PLHA Loan shall not terminate this Agreement. The City makes the PLHA Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.5 Transfer and Encumbrance of Property.

Except as otherwise provided herein or the PLHA Loan Agreement, the Owner shall not make or permit any sale, assignment, conveyance, lease (other than the rental of the City Assisted Unit to eligible tenant occupants), or transfer of the Property or any part thereof, without the prior written consent of the City during the Term of this Agreement.

6.6 Compliance with PLHA Loan Agreement, PLHA Guidelines, and Standard Agreement.

Owner's actions with respect to the Property shall at all times be in full conformity with all requirements of the PLHA Loan Agreement, and to the extent applicable to the Project and Property, the PLHA Guidelines and the Standard Agreement.

6.7 Covenants to Run With the Land.

The City and the Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.8 Enforcement by the City.

If the Owner fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the City has notified the Owner in writing of the default or, if the default cannot be cured within thirty (30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, and shall notice the City of its efforts, and these efforts must be to the satisfaction of the City, the City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel the Owner's performance of its obligations under this Agreement, and/or for damages.

(b) Remedies Provided Under PLHA Loan Agreement. The City may exercise any other remedy provided under the PLHA Loan Agreement.

6.9 Attorneys Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.10 Non-Liability of Officials, Employees and Agents.

The City shall not be personally liable to the Owner for any obligation created under the terms of this Agreement except in the case of actual fraud, willful misconduct or sole gross negligence by such person.

6.11 Indemnity.

Notwithstanding the insurance coverage required herein, the Owner shall indemnify and hold the City free and harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including without limitation attorneys' fees) which the City may incur as a direct or indirect consequence of (a) the Owner's negligent or willful failure to perform any obligations as and when required by this Agreement; (b) any failure of any of the Owner's representations or warranties to be true and complete; or (c) any negligent or willful act or omission by the Owner or any contractor, subcontractor, management agent, or supplier with respect to the Project or the Property, except where such losses are caused by the sole gross negligence, or willful misconduct of the City. The Owner shall pay immediately upon the City's demand any amounts owing under this indemnity. The duty of the Owner to indemnify includes the duty to defend the City in any court action, administrative action, or other proceeding brought by any third party arising from the Project or the Property. The Owner's duty to indemnify the City for acts, failures to act, or misrepresentations occurring during the Term shall survive the Term of this Agreement.

6.12 Recording and Filing.

The City and the Owner shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Los Angeles.

6.13 Governing Law.

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

6.14 Waiver of Requirements.

Certain requirements of this Agreement may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Agreement shall, or shall be deemed to, extend to or affect any other provision of this Agreement.

6.15 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles.

6.16 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Owner: Advancing Communities Together
Attn: _____
38626 9th Street East
Palmdale, California, 93550

City: City of Palmdale,
Attn: City Manager
38300 Sierra Highway
Palmdale, California 93550

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.17 Regulatory Agreement Controls

In the event that any provisions of the Agreement and other agreements on the Property conflict, the terms of the most restrictive agreement shall control and/or regulate the Property.

6.18 Severability.

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.19 Consent and Approvals.

Any consent or approval by the City or the Owner required under this Agreement shall not be unreasonably delayed or withheld, unless otherwise provided in this Agreement. Any approval required under this Agreement shall be in writing and executed by an authorized representative of the party granting the approval.

6.20 City Actions.

Except where approval by the City Council is expressly required in this Agreement, all references in this Agreement to City action (including approvals, consents or extensions of time) shall mean action by the City Manager of the City or the City Manager's designee.

6.21 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

[remainder of page left intentionally blank]
[signatures on following page]

IN WITNESS WHEREOF, the City and the Owner have executed this Agreement by duly authorized representatives, all on the date first written above.

CITY

THE CITY OF PALMDALE,
CALIFORNIA,
a municipal corporation

By:_____
Ronda Perez
City Manager

ATTEST:

By: _____
Roxanne Faber
City Clerk

APPROVED AS TO FORM:

By:_____
William P. Curley, III
City Attorney

KANE, BALLMER & BERKMAN

By:

_____
Susan Apy
City Special Counsel

OWNER

ADVANCING COMMUNITIES
TOGETHER,
a California nonprofit public benefit
corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

Exhibit A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

APN: 3008-010-904

AFFORDABLE HOUSING AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF PALMDALE

and

ADVANCING COMMUNITIES TOGETHER

AGREEMENT NO. A-8908

August 21, 2024

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AFFORDABLE HOUSING AGREEMENT

(A-8908)

THIS AFFORDABLE HOUSING AGREEMENT ("**Agreement**") is dated for reference purposes as of August 21, 2024 and is being entered into by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic (the "**Authority**") and ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"). The Authority and Owner agree as follows:

PART 1. SUBJECT OF AGREEMENT

Section 101 Purpose of the Agreement

Owner will, concurrently with entering into this Agreement, enter into that certain Permanent Local Housing Allocation Funds Loan Agreement dated on or about August 21, 2024 (the "**PLHA Agreement**") with the City for a loan of funds (the "**PLHA Funds**") from the City received from the California Department of Housing and Community Development ("**HCD**") from the Permanent Local Housing Allocation program ("**PLHA Program**") in the principal amount of $821,985.94 (the "**PLHA Loan**") to pay construction costs for the improvements of the property located in the City of Palmdale, California, as shown on the Site Map attached as Attachment No. 1 and more specifically described in Attachment No. 2 (the "**Property**"). The PLHA Loan will preserve the financial feasibility of the Property's use as an affordable residential rental development for Low Income households, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 baths per unit). The units shall be limited to occupancy by Low Income households. Subject to the terms and conditions of this Agreement, the Authority shall convey the Property to the Owner for the development of the Project. The construction and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Palmdale and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

Section 102 Definitions

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"**Affiliate**" shall mean (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term "control" as used in the immediately preceding sentence, shall mean the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or

directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"**Affordable Rent**" shall mean monthly rent (including a reasonable utility allowance) which does not exceed for a Low Income household, one-twelfth of the product of 30 percent times 60 percent of the Area Median Income, adjusted for household size appropriate to the unit. As used in this paragraph, "household size appropriate to the unit" shall equal the number of bedrooms in the unit plus one.

"**Affordable Units**" shall mean the duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) to be constructed on the Property and rented exclusively to and occupied by Low Income households at an Affordable Rent.

"**Agreement Containing Covenants**" shall mean the agreement containing affordable housing requirements to be recorded against the Property, as it may be amended or modified from time to time,substantially in the form attached hereto as Attachment No. 6.

"**Area Median Income**" or "**AMI**" shall mean the area median income for Los Angeles County, as determined by the United States Department of Housing and Urban Development and published from time to time by the California Department of Housing and Community Development.

"**Approved Title Conditions**" shall mean title that is subject to current property taxes, easements, assessments, and encumbrances and any other easements and other encumbrances specifically approved in writing by the Executive Director.

"**Assignment of Agreements**" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 11.

"**Assignment of Rents**" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 13, as it may be amended or modified from time to time.

"**Authority**" shall mean the Housing Authority of the Authority of Palmdale, a public body, corporate and politic.

"**Authority Deed of Trust**" shall mean the deed of trust, recorded against the Property in second priority lien position, in which the Owner is the Trustor and the Authority is the Beneficiary, which secures the Authority Note and performance under this Agreement and the Agreement Containing Covenants, as it may be amended or modified from time to time.

"**Authority Loan**" shall mean that certain purchase money loan to be made by the Authority in the original principal amount of up to $80,000 in accordance with this Agreement, evidenced by the Authority Note and secured by the Authority Deed of Trust.

"**Authority Note**" shall mean the Promissory Note evidencing the Authority Loan in substantially the form attached hereto as Attachment No. 9 and incorporated herein by this

reference, to be dated as of the Closing Date, executed by the Owner in favor of the Authority, as it may be amended or modified from time to time.

"**City**" shall mean the City of Palmdale, a charter city of the State of California.

"**Close of Escrow**" shall mean the point in time when all conditions precedent to the conveyance of the Property to the Owner have been satisfied in accordance with this Agreement and the Property is conveyed by the Authority to the Owner.

"**Closing Date**" shall mean the date of recordation of the Grant Deed and Authority Deed of Trust.

"**Completion**" shall mean the point in time when all of the following shall have occurred: (1) issuance of a permanent certificate of occupancy by the City of Palmdale for the Project; (2) recordation of a Notice of Completion by Owner or its contractor for the Project; (3) certification by the project architect that development of the Project (with the exception of minor "punchlist" items) has been completed in a good and workmanlike manner in accordance with the approved plans and specifications; (4) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against of any mechanic's liens that have been recorded or stop notices that have been delivered for the Project; and (5) the Property has been developed in accordance with this Agreement, the Scope of Development, and Plans approved by the Authority pursuant to this Agreement.

"**Development Costs**" shall mean all costs which are actually incurred by the Owner for the development of the Property as set forth in the Project Budget.

"**Environmental Indemnity**" shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 12, as it may be amended or modified from time to time.

"**Escrow Agent**" shall mean an escrow agent mutually acceptable to Agency and Owner.

"**Executive Director**" shall mean the Executive Director of the Authority or designee.

"**Hazardous Materials**" shall have the meaning set forth in the Environmental Indemnity.

"**Legal Description**" shall mean the legal description of the Property attached to this Agreement as Attachment No. 2.

"**Low Income**" shall mean an individual or household with a household income equal to or less than sixty percent (60%) of the then-current Area Median Income, adjusted for family size appropriate for the unit.

"**Method of Financing**" shall mean the Method of Financing attached to this Agreement as Attachment No. 3, as it may be amended or modified from time to time.

"**Notice of Restrictions**" shall mean the Notice of Affordability Restrictions on Transfer of Property attached to this Agreement as Attachment No. 14, as it may be amended or modified from time to time.

"**Permitted Transfer**" means any of the following:

a. A conveyance of the Property to any Affiliate;

b. The lease for occupancy of any unit in accordance with this Agreement; and

c. The granting of easements or permits to facilitate the rehabilitation of the Property in accordance with this Agreement.

Any transfer described in clauses a. through b. shall be subject to the reasonable approval of documentation by the Executive Director or designee.

"**Person**" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

"**PLHA Agreement**" shall mean the agreement between the City and the Owner evidencing the PLHA Loan made by the City to the Owner as more particularly described in Section 101 herein, as it may be amended or modified from time to time.

"**PLHA Deed of Trust**" shall mean the deed of trust securing the PLHA Loan, to be recorded against the Property in first priority lien position upon the Close of Escrow substantially in the form attached to the PLHA Agreement as Attachment No. 8, as it may be amended or modified from time to time.

"**PLHA Loan**" shall mean the loan by the City to Owner in the amount and pursuant to the terms and conditions of the PLHA Agreement, which shall be evidenced by the PLHA Note and secured by the PLHA Deed of Trust and the other PLHA loan documents. The PLHA Loan shall be derived from the City's allocation of PLHA Program funds.

"**PLHA Note**" shall mean the promissory note evidencing the PLHA Loan substantially in the form attached to the PLHA Agreement as Attachment No. 7, as it may be amended or modified from time to time.

"**PLHA Regulatory Agreement**" shall mean the Agreement Containing PLHA Program Requirements to be recorded upon the Close of Escrow, substantially in the form attached to the PLHA Agreement as Attachment No. 5, as it may be amended or modified from time to time.

"**Project**" shall mean the construction of the improvements located on the Property for use as affordable housing in accordance with this Agreement (including the Scope of Development) and the Agreement Containing Covenants.

"**Project Budget**" shall mean the applicable schedule of acquisition and Development Costs attached to this Agreement as Attachment No. 7, as it may be amended or modified from time to time.

"**Property**" means the real property described in Attachment No. 2.

"**Purchase Price**" shall mean the Owner's purchase price for the Property in the amount of Eighty Thousand Dollars ($80,000) to be paid at closing through a carry back loan from the Authority.

"**Replacement Reserve**" shall have the meaning set forth in Section 308(d) of this Agreement.

"**Release of Construction Covenants**" shall have meaning set forth in Section 319 of this Agreement, as it may be amended or modified from time to time.

"**Schedule of Performance**" shall mean the document attached to this Agreement as Attachment No. 5, as it may be amended or modified from time to time.

"**Scope of Development**" shall mean the document attached to this Agreement as Attachment No. 4, as it may be amended or modified from time to time.

"**Site Map**" means the document which is attached to this Agreement as Attachment No. 1, as it may be amended or modified from time to time.

"**Title Company**" shall mean a title company mutually acceptable to the Authority and the Owner.

"**Title Insurance Policies**" shall mean the following policies of title insurance to be issued by the Title Company at the Close of Escrow, subject to the Approved Title Conditions:

a. A standard form coverage owner's policy of title insurance in favor of Owner insuring the Owner's fee title in the Property, in an amount and with reasonable endorsements as requested by the Owner without cost or expense to the Authority (the "**Owner's Title Policy**").

b. A standard form CLTA Lender's Title Insurance Policy in favor of the City together with such endorsements as the City may reasonably require, in the amount of the Authority Loan insuring the Authority Deed of Trust as a second lien on the Property (the "**Lender's Title Policy**").

"**UCC-1**" shall mean a Financing Agreement to be recorded and filed at the Closing Date.

Section 105 The Property

The "**Property**" is that certain property in the City of Palmdale, illustrated on the "Site Map" (Attachment No. 1) and as described in the "Legal Description of the Property" (Attachment No. 2) which will be acquired by the Owner. The Property is currently owned by the Authority and is unimproved, vacant land located at a cul-de-sac on E Avenue Q-2 between Avenue Q and E Avenue Q3 and east of 5th Street E.

Section 106 Authority

a. Authority is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Housing Authorities Law of the State of California.

b. The address of the Authority for purposes of receiving notices pursuant to this Agreement shall be c/o Executive Director, City of Palmdale, 38250 Sierra Highway, Palmdale, California 93550.

c. "**Authority**" as used in this Agreement includes the Housing Authority of the City of Palmdale, California and any assignee or successor to its rights, powers and responsibilities.

Section 107 Owner

a. The Owner is Advancing Communities Together, a California nonprofit public benefit corporation.

b. The address of Owner for purposes of receiving notices pursuant to this Agreement shall be 38626 9th Street East, Palmdale, California, 93550.

c. Whenever the term "Owner" is used herein, such term shall mean and include: (1) the Owner as of the date hereof; or (2) any other assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

Section 108 Assignments and Transfers

a. Owner represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping and providing affordable housing on the Property and not for speculation in land holding. Owner further recognizes that the qualifications and identity of Owner are of particular concern to the Authority, in light of the following: (1) the importance of the development of the Property to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or control of Owner or any other act or transaction involving or resulting in a significant change in ownership or control of Owner, is for practical purposes a transfer or disposition of the property then owned

by Owner. Owner further recognizes that it is because of such qualifications and identity that the Authority is entering into the Agreement with the Owner. Therefore, no voluntary or involuntary successor in interest of Owner shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. For the reasons cited above, the Owner represents and agrees for itself and any successor in interest that prior to the full reconveyance of the Authority Deed of Trust; Owner shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the Authority. Subject to review of documentation effectuating any such proposed assignment or transfer, the Authority agrees to reasonably give such approval if the assignment is a Permitted Transfer.

c. For the reasons cited above, the Owner represents and agrees for itself and any successor in interest that prior to the full reconveyance of the Authority Deed of Trust, without the prior written approval of the Authority, there shall be no significant change in the ownership of the Owner or in the relative proportions thereof, or with respect to the identity of the parties in control of the Owner or the degree thereof, by any method or means, except Permitted Transfers.

d. Any assignment or transfer of this Agreement or any interest herein or significant change in ownership of the Owner, other than a Permitted Transfer, shall require the approval of the Authority, which may be withheld in its sole and absolute discretion. To the extent Authority approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, Authority shall base its decision upon the relevant experience, financial capability, and reputation of the proposed assignee or transferee, and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, Authority shall not approve any assignment or transfer of this Agreement or any interest herein or significant change in ownership of the Owner that would result in payment of consideration to any Person from the net proceeds of a sale or refinance of the Property or the Project, or any portion thereof or interest therein, prior to full reconveyance of the Authority Deed of Trust.

e. The Owner shall promptly notify the Authority of any and all changes whatsoever in the identity of the parties in control of the Owner or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by the Authority if there is any significant change (voluntary or involuntary) in membership, management or control, of the Owner (other than such changes occasioned by the death or incapacity of any individual) prior to the full reconveyance of the Authority Deed of Trust.

f. The restrictions of this Section 108 shall terminate upon full reconveyance of the Authority Deed of Trust.

PART 2. DISPOSITION OF THE PROPERTY

Section 201 Sale and Purchase

In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Authority agrees to sell the Property to the Owner and the Owner agrees to purchase the Property from the Authority. Owner acknowledges and agrees that the terms of the sale and the conditions precedent to conveyance and delivery of title pursuant to this Agreement are set forth in this Article 2 and in the Method of Financing.

Section 202 Purchase Price

The Purchase Price shall be payable by Owner to Authority upon the Close of Escrow in the form of a carry back loan from the Authority to Owner. In accordance with and subject to all the terms, conditions and covenants of this Agreement, the Authority agrees to lend, and Owner agrees to borrow, the original principal amount of Eighty Thousand Dollars ($80,000) as and for a carry back loan for the Purchase Price, which is the fair market value of the Property.

The Authority Loan shall be evidenced by the Authority Note and secured by the Authority Deed of Trust, the Assignment of Agreements, and other documents executed in connection with the Authority Loan.

Section 203 Escrow

a. Either the Authority or Owner shall open an escrow for conveyance of the Property with the Escrow Agent. Articles 1 and 2 of this Agreement constitute the joint escrow instructions of the Authority and the Owner, and a copy of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow. The Authority and the Owner shall provide such additional escrow instructions consistent with this Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to the Authority and to the Owner within 5 days after opening of the escrow, the Escrow Agent shall carry out its duties as Escrow Agent hereunder.

b. Upon delivery to the Escrow Agent of the Grant Deed by the Authority, the Escrow Agent shall record the Grant Deed and such other instruments requested by Authority and Owner in accordance with these escrow instructions, provided that all conditions to such recording have been satisfied in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix, and cancel any transfer stamps required by law. Any insurance policies governing the Property are not to be transferred.

c. The Owner shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Owner of the amount of such

fees, charges, and costs, but not earlier than ten (10) days prior to the scheduled date for the conveyance of the Property:

(i) All of the escrow fees;

(ii) The premium for the title insurance policies to be paid by the Owner as set forth in Section 210 of this Agreement;

(iii) Recording fees; and

(iv) Any State, County, or City documentary stamps or transfer tax.

d. The Authority shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Authority of the amount of such fees, charges, and costs, but not earlier than ten (10) days prior to the scheduled date for the conveyance of the Property:

(i) Ad valorem taxes and assessments, if any, upon the Property or upon this Agreement or any rights hereunder, prior to the conveyance of title.

e. Upon Owner's completion of all acts necessary to entitle the Owner to conveyance of the Property, the Authority shall execute and deliver to the Escrow Agent the Grant Deed conveying to the Owner title to the Property in accordance with the requirements of this Agreement.

f. The Escrow Agent is authorized to:

(i) Pay, and charge the Authority and the Owner, respectively, for any fees, charges and costs payable under this Section 203. Before such payments are made, the Escrow Agent shall notify the Authority and the Owner of the fees, charges and costs necessary to close the escrow.

(ii) Deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Authority and the Owner.

(iii) Record any instruments, including, but not limited to, the Grant Deed, delivered through this escrow if necessary or proper to vest title in the Owner in accordance with the terms and provisions of this Agreement.

g. All funds received in this escrow shall be deposited by the Escrow Agent in a general escrow account with any state or national bank doing business in the State of California and reasonably approved by the Owner and the Authority, and may be combined in such with other escrow funds of the Escrow Agent.

h. If this escrow is not in condition to close on or before the time for conveyance set forth in the Schedule of Performance, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand the return of its money, papers, or documents from the Escrow Agent. No demand for return shall be recognized until 10 days after the Escrow Agent (or the party making such demand) shall have mailed copies of such demand to the other party or parties at the address of its principal place of business. Objections to such demand, if any, shall be raised by written notice to the Escrow Agent and to the other party within the 10-day period, in which event the Escrow Agent is authorized to hold all money, papers, and documents with respect to the Property until instructed by a mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, then escrow shall proceed and shall be closed as soon as possible.

i. If objections to the demand for the return of money, papers, documents or any other demands discussed herein are raised as above provided for, the Escrow Agent shall not be obligated to return any such money, papers, or documents except upon the written instructions of both the Authority and the Owner, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction. If no such objections are made within said 10-day period the Escrow Agent shall immediately return the demanded money, papers, or documents.

j. The parties understand they may be required to execute additional standard form escrow instructions required by the Escrow Agent ("**General Instructions**"). In the event of a conflict between this Agreement and any such General Instructions, this Agreement shall control. The parties agree, however, that they will refuse to sign General Instructions which (1) purport to relieve the Escrow Agent of liability for negligence or intentional wrong-doing; (2) excuse the Escrow Agent from strict compliance with each and all of the provisions of this document and the General Instructions; or (3) purport to authorize the Escrow Agent to follow the instructions or directive of any person other than Authority, Owner or their respective successors or assigns pursuant to the terms of this Agreement, or the representatives of such parties. Any amendment to the escrow instructions shall be in writing and signed by both the Authority and the Owner. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

k. All communications from the Escrow Agent to the Authority or the Owner shall be directed to the addresses set forth in Section 106 and Section 107 of this Agreement, and in the manner set forth in Section 601 of this Agreement for notices between the parties hereto.

l. Authority and Owner shall each pay their own legal and professional fees and fees of other consultants incurred by Authority and Owner, respectively.

Section 204 Close of Escrow

a. Subject to any mutually agreed upon extension of time, the Authority shall convey title to the Property to the Owner in accordance with Section 203 on or before the Closing Date (so long as all conditions precedent have been satisfied), or such later date mutually agreed to in writing by the Authority and the Owner and communicated in writing to the Escrow Agent.

b. Possession of the Property shall be delivered to the Owner concurrently with the conveyance of title to the Property. The Owner shall accept title and possession to the Property upon the Close of Escrow.

Section 205 Form of Deed

The Authority shall convey to the Owner title to the Property in the condition provided in Section 206 of this Agreement by Grant Deed containing covenants necessary or desirable to carry out this Agreement, substantially in the form attached hereto and incorporated herein as Attachment No. 8.

Section 206 Condition of Title

Subject to Section 203 hereof, the Authority shall convey to the Owner fee simple merchantable title to the Property free and clear of all liens, encumbrances, assessments, easements, leases and taxes; except for those matters which are set forth in the Approved Title Conditions, this Agreement, included in the Grant Deed, and those which are otherwise consistent with this Agreement and reasonably acceptable to the Owner.

Section 207 Closing Date

Subject to satisfaction of all conditions precedent to the Close of Escrow and subject to any mutually agreed-upon extension of time, the Authority shall deposit the Grant Deed with the Escrow Agent on or before the Closing Date set forth in the Schedule of Performance.

Section 208 Conditions Precedent to Close of Escrow

The Close of Escrow and the obligations of the Authority and Owner hereunder are subject to the satisfaction prior to the Close of Escrow (unless otherwise provided or extended), of the conditions and the obligations of the parties with respect to such conditions set forth in the Method of Financing.

Section 209 Failure of Conditions to Conveyance Close of Escrow

a. In the event any of the conditions precedent to the Close of Escrow are not timely satisfied or waived by the party which such condition benefits, for a reason other than the default of Authority or Owner, the following shall apply:

(i) Either party shall, in writing, have the right to terminate this Agreement, the escrow and the rights and obligations of Authority and Owner hereunder, except as otherwise provided herein; and

(ii) Except as otherwise provided in this Agreement, Escrow Agent is hereby instructed to promptly return to Owner and Authority all funds, if any, and documents deposited by them, respectively, into escrow which are held by Escrow Agent on the date of said termination (less, in the case of the party otherwise entitled to such funds, the amount of any cancellation charges required to be paid by such party under paragraph (b) below); and

(iii) Neither party shall have any further rights or obligations hereunder except as otherwise provided herein.

b. Cancellation Fees and Expenses. In the event this escrow terminates because of the non-satisfaction of any condition for a reason other than the default of Authority or Owner under this Agreement, Authority and Owner shall each pay fifty percent (50%) of the cancellation charges, if any, required to be paid to Escrow Agent and the Title Company, and all other charges shall be borne by the party incurring same. In the event this escrow terminates because of the default of Authority or Owner, all charges, including the cancellation charges, if any, required to be paid to Escrow Agent and the Title Company shall be borne by the party in default.

c. Actions to be taken by the Escrow Agent. At the Close of Escrow, Escrow Agent shall promptly undertake all of the following in the manner herein below indicated:

(i) Cause the Grant Deed and any other documents which the parties hereto may mutually direct to be recorded in the Official Records of the County Recorder of Los Angeles County, and obtain conformed copies thereof for distribution to Authority and Owner.

(ii) Direct the Title Company to issue the Owner's Title Insurance Policy to Owner and the Lender's Title Insurance Policy to the City.

(iii) Prepare and distribute to Owner and Authority copies of both parties' escrow Close of Escrow statements and a complete copy of all documents handled by escrow.

Section 210 Title Insurance

Concurrent with recordation of the Grant Deed, the Title Company shall provide and deliver the Title Insurance Policies to the respective insured parties. The Owner shall be responsible for paying the premium for the Title Insurance Policies and any additional title

insurance, including any extended coverage or special. Authority shall have no responsibility for paying the cost of the premium for any title insurance policy.

Section 211 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Property, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period, commencing prior to conveyance of title or possession of the Property to the Owner, shall be borne by the Authority. All ad valorem taxes and assessments levied or imposed for any period commencing after conveyance of title or possession of the Property to the Owner shall be paid by the Owner.

Section 212 Occupants of the Property

The Authority agrees that title to the Property shall be conveyed free of any possession or right of possession except that of the Owner, unless waived by the Owner in writing.

Section 213 "As Is" Transaction; Waiver; Release

Owner acknowledges that it is purchasing the Property in reliance solely on: (1) Owner's inspection of the Property and all personal property and improvements being sold in connection with the Property; and (2) the opinions and advice of consultants and attorneys engaged by the Owner concerning the Property.

The Property and all existing improvements on the Property shall be conveyed in an "AS IS" condition, with no warranty, express or implied by the Authority as to the condition of the soil (or groundwater), its geology, the presence of known or unknown faults, the condition of the improvements, or the presence of any Hazardous Materials. It shall be the sole responsibility of the Owner, at the Owner's expense, to investigate and determine the suitability of the Property (including improvements) for the development to be constructed by the Owner pursuant to this Agreement, including but not limited to, the soil, groundwater and geological condition, topography, the area and configuration of the Property, the existence of Hazardous Materials in soil and/or groundwater, the presence of mold, construction defects or other matters which would or could necessitate abatement or remediation action, physical or mechanical defects in the improvements or personal property, easements, licenses, or encroachment which is not a matter of public record, whether or not visible upon inspection of the Property, the zoning and other land use regulations applicable to the Property, and any other matters relating to the Property, including, but not limited to, value, title, income, feasibility, cost, marketing and investment return.

Except as otherwise permitted herein, Owner hereby waives any contingency regarding the soil (or groundwater) condition of the Property (including improvements), or any part of the Property, or the presence of any Hazardous Materials or its suitability for the purposes for which the Property is to be put pursuant to this Agreement. The Owner therefore explicitly acknowledges that following acquisition and also following any development of the Property it will assume and

bear all future liability for any necessary mitigation measures for Hazardous Materials and any residual Hazardous Materials that may remain, and will hold the Authority harmless therefrom.

Owner shall assume the risk that adverse matters, including, but not limited to, construction defects and adverse physical and environmental conditions, may not have been revealed by Owner's investigation, and Owner hereby waives, relinquishes and releases Authority and the City and their respective elected officials, officers, employees, agents, consultants, contractors, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against any and all claims, demands, causes of action (including causes of action in tort), losses, damages, liabilities, costs and expenses (including attorneys' fees) of any and every kind or character, known or unknown, which Owner might have asserted or alleged against Authority or any of the Indemnified Parties at any time by reason of or arising out of any latent or patent construction defects or physical conditions, violation of any applicable laws, and any and all other acts, omissions, events, circumstances, or matters regarding the Property.

In connection with such release, Owner expressly waives all rights under California Civil Code Section 1542, which provides that:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

_____ _____
Owner Owner

PART 3. DEVELOPMENT OF THE PROPERTY

Section 301 Land Use Approvals

It is the responsibility of the Owner, without cost to Authority, to ensure that zoning of the Property and all applicable City land use requirements will be such as to permit development of the Property and completion of the Project and the use, operation, and maintenance of the Project in accordance with the provisions of this Agreement. Nothing contained herein shall be deemed to entitle Owner to any City of Palmdale permit or other City approval necessary for the development of the Property, or waive any applicable governmental requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Owner, (b) supersede, nullify or amend any condition which may be imposed by the City of Palmdale in its governmental capacity in connection with approval of the development described herein, (c) guarantee to Owner or any other party any profits from the development of the Property, or (d) amend any City laws, codes or rules. This is not a Development Agreement as provided in Government Code Section 65864.

Section 302 Condition of the Property

a. Authority makes no representation or warranty, express or implied, regarding any conditions of the Property. It shall be the sole responsibility of the Owner, at the Owner's expense, to investigate and determine all conditions of the Property and its suitability for the uses to which the Property is to be put in accordance with this Agreement. If the conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the sole responsibility and obligation of the Owner, without cost to Authority, to take such action as may be necessary to place the Property in all respects in a condition entirely suitable for its development and use in accordance with this Agreement.

b. Owner agrees to perform and be solely responsible for the clean-up of any Hazardous Materials on, in, under or within the Property, at the sole cost, risk and expense of Owner. Owner shall defend, indemnify and hold harmless the Authority and the Indemnified Parties from any claims, liability, injury, damages, costs and expenses (including, without limiting the generality of the foregoing, the cost of any required clean up of Hazardous Materials, and the cost of attorneys' fees) which may be sustained as the result of the presence or clean up of Hazardous Materials on, in, or under the Property. As a condition precedent to the Close of Escrow, Owner shall execute and deliver to the Authority the Environmental Indemnity attached hereto as Attachment No. 12.

Section 303 Scope of Development

The Property shall be developed in accordance with and within the limitations established in the Scope of Development attached to this Agreement as Attachment No. 4 and plans approved by the Authority pursuant to this Agreement and permits issued by the City.

Section 304 Basic Concept and Schematic Drawings

a. The Owner shall prepare and submit Basic Concept and Schematic Drawings and related documents for the development of the Property to the Authority for review and written approval within the time established in the Schedule of Performance. Basic Concept and Schematic Drawings shall include a site plan, elevations and sections of the improvements as they are to be developed on the Property.

b. The Property shall be developed as established in the Basic Concept and Schematic Drawings and related documents except as changes may be mutually agreed upon between the Owner and the Authority. Any such changes shall be within the limitations of the Scope of Development.

Section 305 Landscaping and Grading Plans

a. The Owner shall prepare and submit to the Authority for its approval preliminary and final landscaping and preliminary and finish grading plans for the Property. These plans shall be prepared and submitted within the times established in the Schedule of Performance.

b. The landscaping plans shall be prepared by a professional landscape architect and the grading plans shall be prepared by a licensed civil engineer. Such landscape architect and/or civil engineer may be the same firm as the Owner's architect. Within the times established in the Schedule of Performance, the Owner shall submit to the Authority for approval the name and qualifications of its architect, landscape architect and civil engineer.

Section 306 Construction Drawings and Related Documents

a. The Owner shall prepare and submit construction drawings and related documents (collectively called the "**Plans**") to the Authority for review (including but not limited to architectural review), and written approval in the times established in the Schedule of Performance (Attachment No. 5). Such construction drawings and related documents shall be submitted as 50% and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain all building permits.

b. Approval of progressively more detailed Plans will be promptly granted by the Authority if developed as a logical evolution of Plans theretofore approved. Any items so submitted and approved by the Authority shall not be subject to subsequent disapproval.

c. During the preparation of all Plans, the Authority and the Owner shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by the Authority. The Authority and the Owner shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Authority can receive prompt and speedy consideration.

d. If any revisions or corrections of Plans approved by the Authority shall be required by any government official, agency, department, or bureau having jurisdiction over the development of the Property, the Owner and the Authority shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

Section 307 Authority Approval of Plans

a. Subject to the terms of this Agreement, the Authority shall have the right of review (including without limitation architectural review) of all Plans and submissions, including any proposed substantial changes to any such Plans or submissions approved by Authority. The Authority shall approve or disapprove the Plans referred to in Sections 304, 305 and 306 of this Agreement within the times established in the Schedule of Performance. The Owner, upon receipt of a disapproval based upon powers reserved by the Authority hereunder shall revise the Plans, and shall resubmit to the Authority as soon as possible after receipt of the notice of disapproval. The Authority shall approve or disapprove any revised Plans within thirty (30) days after receipt. Any disapproval shall state in writing the reasons for disapproval and any changes to submitted Plans which the Authority determines must be made to obtain approval. Such reasons and such changes must be consistent with the Scope of Development and any items previously approved hereunder; provided, however, that Authority's failure to notify Owner of approval or disapproval within thirty (30) days shall not be deemed to be approval of any matter.

b. If the Owner desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Authority for approval.

Section 308 Method of Financing

a. The Project shall be financed with the PLHA Loan to pay for Development Costs in accordance with the PLHA Agreement.

b. The cost of constructing the improvements on the Property, including any offsite or onsite improvements in connection therewith, shall be the responsibility of the Owner, without any cost to Authority.

c. Replacement Reserve. Prior to the Release of Construction Covenants for the Property, the Owner shall be required to establish a replacement reserve fund (the "**Replacement Reserve**") to provide adequate cash supplements to replace medium and/or long-term capital improvements with respect to the Property. The Replacement Reserve shall be initially funded with any remaining contingency funds as set forth in the approved Project Budget and maintained in accordance with terms and conditions set forth in the Agreement Containing Covenants.

Section 309 Schedule of Performance

a. Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance, and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual written agreement of the Executive Director and Owner.

b. After the Close of Escrow, the Owner shall promptly begin and thereafter diligently prosecute to completion the Project as provided in the Scope of Development. The Owner shall begin and complete all development within the times specified in the Schedule of Performance with such reasonable extensions of said dates as may be granted by the Executive Director, provided Owner submits a timely written request with substantiating documentation that establishes good cause for such an extension, and provided such an extension will not have a detrimental affect on the Authority's interests.

c. During periods of construction, the Owner shall submit to the Authority a written report of the progress of construction when and as reasonably requested by the Authority, but not more frequently than once every quarter. The report shall be in such form and detail as may be reasonably required by the Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by the Owner.

Section 310 Indemnification and Insurance

a. Owner's Indemnity. To the maximum extent permitted by law, Owner agrees to and shall defend, indemnify and hold harmless the Authority and the Indemnified Parties from and against all claims, liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees and court costs) arising from or in any way connected with any of the following; provided, however, Owner shall not be responsible for (and such indemnity shall not apply to) any gross negligence or willful misconduct of the Authority or the Indemnified Parties:

(1) The existence, release, presence or disposal on, in, under, about or adjacent to the Property of any Hazardous Materials;

(2) The development, construction, marketing, use, operation or condition of the Property and the improvements thereon by Owner, its contractors, subcontractors, agents, employees or other persons acting on Owner's behalf;

(3) Any accident, personal injury or casualty on the Property or the improvements thereon;

(4) Any Plans or designs for improvements prepared by or on behalf of Owner or its contractors, subcontractors, agents, employees or other persons acting on Owner's behalf, including without limitation any errors or omissions with respect to such Plans or designs;

(5) Any loss or damage to Authority resulting from any inaccuracy in or breach of any representation or warranty of Owner, or resulting from any breach or default by Owner, under this Agreement;

(6) Claims of any kind in connection with the purchase of the Property including, without limitation, claims for relocation assistance pursuant to the California Relocation Law, Government Code Section 7260, inverse condemnation, taking, threatened taking or temporary taking or loss of good will;

(7) Any and all actions, claims, damages, injuries, challenges and/or costs or liabilities arising from the approval of any and all entitlements or permits for the Project by the Authority.

The obligation to indemnify will not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to the Authority or the Indemnified Parties. The foregoing indemnification will apply to the extent of the violation of a legal duty, including but not limited to active or passive negligence, strict liability, breach of contract, or intentional or willful misconduct, by Owner or its contractors, suppliers, or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Owner may be responsible. The Authority and Indemnified Parties will be entitled to recover attorneys' fees incurred as a result of Owner's failure to provide the defense and indemnity required by this Section. The foregoing indemnities will survive termination of this Agreement.

b. Insurance Policies.

(1) Commencing upon the first to occur of (i) the entry by Owner onto the Property for any purposes hereunder and (ii) the Close of Escrow, and until the full reconveyance of the Authority Deed of Trust, Owner shall maintain in effect and deliver to the Authority duplicate originals or appropriate certificates of the following insurance policies (the "**Insurance Policies**") naming the Authority and the Indemnified Parties as additional insureds or loss payees, as their interests may appear:

(A) All-Risk Policies: Owner will furnish evidence of, and will thereafter maintain or cause to be maintained a policy or policies of insurance against direct physical loss or damage by fire, lightning, wind, storm, explosion, collapse, underground hazards, flood, vandalism, malicious mischief, glass breakage and such other causes as are covered by such form of insurance. Such policy will include (1) an endorsement for broad form property damage, breach of warranty, demolition costs and debris removal, (2) a "Replacement Cost Endorsement" in an amount sufficient to prevent Owner from becoming a co-insurer under the terms of the policy, but in any event in an amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by Authority, and (3) an endorsement to include coverage for budgeted soft costs. The replacement cost coverage will be for work performed and equipment, supplies and materials furnished to the Property or any adjoining sidewalks, streets and passageways, or to any bonded warehouse for storage pending incorporation into the work, without deduction for physical depreciation and with a deductible not exceeding $25,000 per occurrence (except that earthquake coverage, if required by the Authority, will carry a deductible not to exceed 25% of the policy amount, or such other deductible amount as the Authority may reasonably determine is acceptable, in light of the cost of the premium for such insurance);

(B) Liability Insurance: Owner will maintain or cause to be maintained general liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of Owner on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Owner, or any person acting for Owner, or under its control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Owner or any person acting for Owner, or under its control or direction. Such property damage and personal injury insurance will also provide for and protect the Indemnified Parties against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance will be maintained in full force and effect until Completion of the Project in the following amounts: commercial general liability in a general aggregate amount of not less than Five Million Dollars ($5,000,000), Products and Completed Operations Aggregate of not less than Two Million Dollars ($2,000,000) and One Million Dollars ($1,000,000) each occurrence. Owner agrees that provisions of this paragraph as to maintenance of insurance will not be construed as limiting in any way the extent to which Owner may be held responsible for the indemnification of the Indemnified Parties or the payment of

damages to persons or property resulting from Owner's activities or the activities of any other person or persons for which Owner is otherwise responsible.

(C) Automobile Insurance: Owner will maintain or cause to be maintained Commercial Automobile Liability insurance in an amount of not less than Two Million Dollars ($2,000,000) combined single limit, including owned, non-owned and hired automobile coverage.

(D) Workers' Compensation Insurance: Owner shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Owner in connection with the Property and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Owner. Notwithstanding the foregoing, Owner may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Owner shall deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities.

2. All policies or certificates of insurance shall provide that such policies shall not be canceled, reduced in coverage or limited in any manner without at least thirty (30) days prior written notice to Authority. All fire and liability insurance policies (not automobile and Workers' Compensation) shall name the Authority, the Indemnified Parties, and Owner as insureds, additional insureds, and/or loss payable parties as their interests may appear.

3. The Insurance Policies shall name as additional insureds the following:

"The Housing Authority of the City of Palmdale and its elected officials, officers, employees, agents, consultants, contractors, attorneys, and representatives."

4. Owner agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Owner agrees to submit endorsements and binders or certificates evidencing such insurance to Authority at least 15 days prior to the Closing. Within thirty (30) days, if practicable, but in any event prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to Authority. All insurance herein provided for under this Section shall be provided by insurers licensed to do business in the State of California and rated A-VII or better.

5. Owner must cause all contractors and subcontractors performing work relating to the Project to maintain insurance of the types and in the amount described in this Section. In addition, Owner must cause its architects and engineers to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on a "claims made basis" in an amount of not less One Million Dollars ($1,000,000). When coverage is provided on a "claims

made basis", Owner must cause all contractors and subcontractors to continue to renew the insurance, with the same coverage and limits, for a period of ten (10) years after Completion of the Project, providing coverage for all claims arising out of any acts or omissions of Owner, or its officers, employees or agents.

6. If Owner fails or refuses to procure or maintain insurance as required by this Agreement, the Authority will have the right, but not the obligation, at Authority's election, and upon ten (10) days prior notice to Owner, to procure and maintain such insurance. The premiums paid by the Authority will be treated as a loan, due from Owner, to be paid on the first day of the month following the date on which the premiums were paid. The Authority will give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

7. Owner shall have the right in its discretion to provide the insurance coverage required by this Section through one or more umbrella policies, so long as the type and level of insurance protection to be maintained by Owner in accordance with this Section is not diminished by so doing (as reasonably determined by the Authority).

Section 311 Nondiscrimination

Owner shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Owner understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Owner and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

Section 312 Local, State and Federal Laws

a. Owner hereby agrees to carry out the rehabilitation, construction, development (as defined by applicable law) and operation of the improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable federal and state labor laws, including, without limitation, the payment of state prevailing wages for the Project. Owner also covenants and warrants that it will comply with all applicable laws, ordinances, codes, rules and regulations of the state local and federal governments, and all amendments thereto. Owner also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

b. Owner hereby agrees that Owner shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Owner hereby agrees that Owner shall have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended

from time to time, or any other provision of law. Owner hereby agrees that Owner shall have the obligation, at Owner's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Owner shall indemnify, protect, defend and hold harmless the Authority and the Indemnified Parties, with counsel reasonably acceptable to Authority, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the rehabilitation, construction, development (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Owner of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Owner to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Owner to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Owner to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law.

c. It is agreed by the parties that, in connection with the construction, development (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Owner shall bear all risks of payment or non payment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section 312 shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. The foregoing indemnity shall survive termination of this Agreement.

Section 313 Permits

Before commencement of construction of any buildings, structures or other work of improvement upon any portion of the Property, the Owner shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such construction or work.

Section 314 Rights of Access

Representatives of the Authority shall have the reasonable right of access to the Property, upon 24 hours' written notice to Owner (except in the case of an emergency, in which case

Authority shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Project.

Section 315 Disclaimer of Responsibility by Authority

The Authority neither undertakes nor assumes nor will have any responsibility or duty to Owner or to any third party to review, inspect, supervise, pass judgment upon or inform Owner or any third party of any matter in connection with the construction or development of the Project, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Owner and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Owner or to any third party by the Authority in connection with such matter is for the public purpose of developing the Property, and neither Owner (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The Authority shall not be responsible for any of the work of construction of the Property.

Section 316 Taxes, Assessments, Encumbrances and Liens

Owner shall pay when due, but not later than the imposition of any penalty, all real estate taxes and assessments assessed and levied on or against the Property. Prior to the full reconveyance of the Authority Deed of Trust, Owner shall not place, or allow to be placed, on title to the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Owner shall remove, or shall have removed, any levy or attachment made on title to the Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. The covenants of the Owner set forth in this Section 316 shall remain in effect until full reconveyance of the Authority Deed of Trust.

Section 317 Prohibition against Transfer

a. Prior to the full reconveyance of the Authority Deed of Trust, Owner shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or the improvements thereon, without prior written approval of the Authority, which may be withheld in its sole and absolute discretion. To the extent Authority approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, Authority shall base its decision upon the relevant experience, financial capability, and reputation of the proposed assignee or transferee, and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, Authority shall not approve any assignment or transfer of this Agreement or any interest herein or significant change in ownership of the Owner that would result in payment of consideration to any Person from the net proceeds of a sale or refinance of the Property or the Project, or any portion thereof or interest therein, prior to full

reconveyance of the Authority Deed of Trust. This prohibition shall not be deemed to prohibit Permitted Transfers.

b. In the event Owner does or attempts to assign this Agreement or any of the rights herein, or does or attempts to sell, transfer, convey or assign the Property or the buildings or structures thereon prior to the full reconveyance of the Authority Deed of Trust without the approval of the Authority in violation of this Agreement, subject to the notice and cure provisions of Section 501, the Authority shall have the right to terminate this Agreement.

c. In the absence of a specific written agreement by the Authority, no such sale, transfer, conveyance or assignment of this Agreement or the Property (or any portion thereof), or approval by the Authority of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Owner or any other party from any obligations under this Agreement.

Section 318 Removal of Liens and Encumbrances

Owner shall not allow any liens or encumbrances to be placed on the Property, except as expressly provided by this Agreement or otherwise approved in writing by the Authority, and shall promptly take all necessary actions to remove any such liens or encumbrances.

Section 319 Release of Construction Covenants

a. Promptly after Completion of the Project, as generally and specifically required by this Agreement and in particular the Scope of Development, the Authority shall furnish Owner with a Release of Construction Covenants in the form reasonably acceptable to the Owner upon written request therefor by Owner. The Authority shall not unreasonably withhold such Release of Construction Covenants and such Release of Construction Covenants shall be issued so long as Owner has constructed and developed the Project in accordance with this Agreement and the Plans approved by the Authority pursuant hereto. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

b. The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County. A Release of Construction Covenants for construction of less than the completed improvements and development of the entire Project shall not be recorded.

c. If the Authority refuses or fails to furnish a Release of Construction Covenants for the Project after written request from Owner, the Authority shall, within thirty (30) days of the written request, provide Owner with a written statement of the reasons the Authority refused or failed to furnish a Release of Construction Covenants. The statement shall also contain the Authority's opinion of the action Owner must take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, the Authority will issue its Release of Construction Covenants upon the posting of a bond by Owner with the Authority in an amount

representing the fair value of the work not yet completed. If the Authority shall have failed to provide such written statement within said 30-day period, Owner shall be deemed to have received the Release of Construction Covenants.

d. Such Release of Construction Covenants shall not constitute evidence of compliance with, or satisfaction of any obligation of Owner to the beneficiary of the Authority Deed of Trust. Such Release of Construction Covenants is not notice of completion as referred to in Section 3093 of the California Civil Code.

PART 4. USE OF THE PROPERTY

Section 401 Uses

Owner, its successor and assigns shall use the Property only for the uses specified in the Agreement Containing Covenants, the Scope of Development, and this Agreement specifically including the following:

a. The Property shall be developed and used for the operation of affordable housing, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) rented exclusively to Low Income Households at an Affordable Rent (the "**Affordable Units**"). No change in the use of the Property shall be permitted without the prior written approval of the Authority.

b. The maximum incomes of residential tenants eligible to rent the Affordable Units shall be determined on the basis of the area median income ("**AMI**") for Los Angeles County, published from time to time by the California Department of Housing and Community Development. Each of the Affordable Units shall be available to and occupied by persons and families whose gross incomes do not exceed sixty percent (60%) of the AMI, adjusted for family size appropriate for the unit.

c. The maximum monthly rent (including a reasonable utility allowance) that may be charged to tenants of the Affordable Units shall be calculated as follows: 1/12 times the product of thirty percent (30%) times sixty percent (60%) of the AMI, adjusted for family size appropriate for the unit.

d. Owner agrees that prior to the initial rent-up of the Affordable Units, Owner shall consult with and obtain the approval of the Authority in developing a fair marketing plan for renting the Affordable Units.

e. Authority, and its successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Section 401. Owner covenants that it shall comply with any monitoring program set up by Authority enforce said covenants. In complying with such monitoring program, Owner or its agent shall prepare and submit to Authority

an occupancy report, financial information and income verification documents for each tenant of an Affordable Unit, and all supporting documentation, on forms provided by Owner, annually, setting forth the required information for the preceding year. On an annual basis, Owner or its agent shall additionally submit to Authority evidence of each tenant's continuing eligibility for the Affordable Units. Authority shall review such reports for certification of continuing affordability of Affordable Units and eligibility of tenants.

f. No officer, employee, agent, official or consultant of Owner may occupy any of the Affordable Units.

g. Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall promptly register the Property with the City's Rental Program and thereafter maintain said registration.

h. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 401.

Section 402 Maintenance of the Property

a. Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall maintain the Property and the Project on the Property in the same aesthetic and sound condition (or better) as the condition of the Property and Project at the time Owner receives the final certificate of occupancy from the City. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walkways and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order.

b. If the Authority gives written notice to Owner that the maintenance or condition of the Property or any portion thereof or any other improvements thereon does not comply with this Agreement, Owner shall correct, remedy or cure the deficiency within thirty (30) days following the date of such notice, unless the notice states that the deficiency is an urgent matter relating to public health and safety, in which case, Owner shall cure such deficiency within forty-eight (48) hours following the date of the notice. In the event Owner fails to cure any such

deficiencies within the applicable period described above, the Authority shall have, in addition to any other rights and remedies hereunder, the right to maintain the Property or any portion thereof or any other improvements thereon or to contract for the correction of any deficiencies, and Owner shall be responsible for payment of all such costs actually and reasonably incurred by the Authority and such payment shall constitute a lien on the Property until paid by the Owner pursuant to California Civil Code Section 2881.

c. The Agreement Containing Covenants shall contain appropriate provisions implementing this Section 402.

Section 403 Obligation to Refrain from Discrimination

Owner covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner itself or any person claiming under or through it 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 of the Property.

Section 404 Form of Nondiscrimination and Nonsegregation Clauses

Owner shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts entered into after the date on which this Agreement is executed by the Authority shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses.

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees in the premises herein leased."

c. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees of the land."

Section 405 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Authority for such periods as set forth herein. Those certain covenants also contained in the Agreement Containing Covenants shall remain in effect for the periods specified therein.

Section 406 Agreement Containing Covenants

Concurrently with the Close of Escrow, Owner and Authority shall execute and cause the recordation of the Agreement Containing Covenants substantially in the form attached to this Agreement as Attachment No. 6. Concurrently with the Close of Escrow, Authority (and Owner if requested by Authority) shall execute and cause the recordation of the Notice of Affordability Restrictions on Transfer of Property substantially in the form attached to this Agreement as Attachment No. 14. The Notice of Affordability Restrictions on Transfer of Property is required to be recorded against the Property pursuant to California Health and Safety Code Section 33334.3(f).

Section 407 Monitoring

The parties acknowledge that this Agreement is subject to the provisions of Section 33418 of the California Health and Safety Code, which provides in pertinent part:

> "(a) An agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an agency shall require owners or managers of the housing to submit an annual report to the agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants. The income information required by this section shall be supplied by the tenant in a certified statement of a form provided by the agency."

Owner shall submit to the Authority on an annual basis the annual report required by said Section 33418. The annual report shall include for each Affordable Unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by the Authority. Owner shall provide for the submission of such information in its lease or occupancy agreement with tenants.

PART 5. DEFAULTS AND REMEDIES

Section 501 Defaults - General

a. Subject to the extensions of time set forth in Section 602, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured

within thirty (30) days, and the party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event shall such period exceed sixty (60) days from the date such notice is received or deemed received. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Section 502 Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county.

Section 503 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

Section 504 Acceptance of Service of Process

a. In the event that any legal action is commenced by the Owner against the Authority, service of process on the Authority shall be made by personal service upon the Executive Director or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the Authority against the Owner, service of process on the Owner shall be made by personal service upon the Owner (or upon a general partner, managing member or officer of the Owner) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 505 Rights and Remedies Are Cumulative

The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 506 Damages

Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

Section 507 Specific Performance

Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 508 Termination by Authority

Subject to the notice and cure provisions of Section 501, Authority shall have the right to terminate this Agreement prior to Close of Escrow by providing written notice to Owner in the event any of the following occurs:

(1) failure of any condition precedent to the occurrence of the Close of Escrow; or

(2) Owner (or any successor in interest) assigns or attempts to assign the Agreement or any right therein, or transfers the Property (or any portion thereof or interest therein), in violation of this Agreement; or

(3) there is substantial change in the ownership of the Owner, or with respect to the identity of the parties in control of Owner, or the degree thereof in violation of this Agreement; or

(4) Owner fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in Schedule of Performance therefor.

Section 509 Reentry and Revesting of Title in Authority

a. Right of Reentry. In additional to all other rights and remedies the Authority may have at law or in equity, the Authority has the right, at its election, to reenter and take possession of the Property, with all improvements thereon, and terminate and revest the Property in the Authority if after the Close of Escrow and prior to the issuance of the Release of Construction Covenants, Owner (or its successors in interest):

(1) fails to start the construction of the Project as required by this Agreement for a period of thirty (30) days after written notice thereof from Authority; or

(2) abandons or substantially suspends construction of the Project required by this Agreement for a period of thirty (30) days after written notice thereof from Authority; or

(3) transfers or suffers any involuntary transfer of the Property or any

part thereof in violation of contrary to the provisions of Section 317 or any other section of this Agreement.

b. Limitations on Right of Reentry. Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

(1) Any mortgage or deed of trust permitted by this Agreement; or

(2) Any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust.

c. Right of Reentry Referenced in Grant Deed. The Grant Deed shall contain appropriate reference and provision to give effect to Authority's rights as set forth in this Section 509, to reenter and take possession of the Property, with all improvements thereon, and to terminate and revest in Authority the estate conveyed to Owner.

d. Resale By Authority After Revesting. Upon the revesting in Authority of title to the Property as provided in this Section 509, Authority shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Property as soon and in such manner as Authority shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by Authority) who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to Authority and in accordance with the uses specified for the Property or part thereof in the Redevelopment Plan.

e. Application of Resale Proceeds. Upon such resale of the Property by Authority, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Property which is permitted by this Agreement, shall be applied:

(1) First, to reimburse Authority, on its own behalf or on behalf of the City, all costs and expenses incurred by Authority or the City, including, but not limited to: any expenditures by Authority or the City in connection with the recapture, management and resale of the Property or part thereof (but less any income derived by Authority or the City from the Property or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Property or part thereof which Owner has not paid (or, in the event that Property is exempt from taxation or assessment of such charges during the period of ownership thereof by Authority, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of revesting of title thereto in Authority, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Owner, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Property, or part thereof; and any

amounts otherwise owing Authority, and in the event thereafter available; and

(2) Second, to reimburse Owner, its successor or transferee, up to the amount equal to the sum of (i) the costs incurred for the acquisition and development of the Property and for the improvements existing on the Property at the time of the reentry and possession, less (ii) any gains or income withdrawn or made by Owner from the Property or the improvements thereon.

(3) Any balance remaining after such reimbursements shall be retained by Authority as its property. The rights established in this Section 509 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. The rights are to be interpreted in light of the fact that Authority will have conveyed the Property to Owner for redevelopment purposes, particularly for development of the Project and not for speculation.

PART 6. GENERAL PROVISIONS

Section 601 Notices

Formal notices, demands and communications between Authority and Owner shall be deemed sufficiently given if dispatched by first class mail, registered or certified mail, postage prepaid, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), to the addresses of Authority and Owner as set forth in Sections 106 and 107 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

Section 602 Enforced Delay: Extension of Time of Performance

a. Performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, third party litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays of any contractor, subcontractor or supplier, acts of the other party, or acts or failure to act of the City of

Palmdale or any other public or governmental agency or entity (except that acts or failure to act of Authority shall not excuse performance of Authority).

b. An extension of time for any such cause (a "**Force Majeure Delay**") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date and the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within thirty (30) days after it obtains actual knowledge of the event. Times of performance under this Agreement may also be extended in writing by the Authority and the Owner.

Section 603 Conflict of Interest

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

b. Owner warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

Section 604 Nonliability of Authority Officials and Employees

No member, official, agent, legal counsel or employee of Authority shall be personally liable to Owner, or any successor in interest in the event of any default or breach by Authority or for any amount which may become due to Owner or successor or on any obligation under the terms of this Agreement.

Section 605 Inspection of Books and Records

a. Owner shall maintain complete, accurate, and current records pertaining to the Property for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the Authority to inspect and copy records, during regular business hours upon reasonable advance notice. Records must be kept accurate and current.

b. The Authority reserves the right to inspect, monitors, and observe work and services performed by Owner at any and all reasonable times.

c. The Authority reserves the right to audit the records of Owner any time during the performance of this Agreement and for a period of five years after final payment is made under this Agreement.

Section 606 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of Authority or Owner in this Agreement, including the attachments to this Agreement, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the Authority shall be deemed granted by the written approval of the Executive Director or designee. Notwithstanding the foregoing, the Executive Director may, in his or her sole discretion, refer to the Authority Board any item requiring Authority approval; otherwise, "Authority approval" means and refers to approval by the Executive Director or designee.

Section 607 Real Estate Commissions

Neither Owner nor Authority shall be liable for any real estate commissions or brokerage fees which may arise from this Agreement. Owner and Authority each represents that it has engaged no broker, agent or finder in connection with this Agreement.

Section 608 Construction and Interpretation of Agreement

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) shall mean, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

Section 609 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

Section 610 No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause Authority to be responsible in any way for the debts or obligations of Owner or any other Person.

Section 611 Compliance with Law

Owner agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Project. The judgment of any court of competent jurisdiction, or the admission of Owner or any lessee or permittee in any action or proceeding against them, or any of them, whether Authority be a party thereto or not, that Owner, lessee or permittee has violated any such ordinance or statute in the development and use of the Property shall be conclusive of that fact as between Authority and Owner.

Section 612 Binding Effect

This Agreement, together with the agreements, covenants and warranties contained herein, shall be binding on and shall inure to the benefit of the parties hereto and all of their respective successors and assigns, whether voluntary or involuntary or by agreement or operation of law.

Section 613 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of Authority and Owner, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

Section 614 Authority to Sign

Owner hereby represents that the persons executing this Agreement on behalf of Owner have full authority to do so and to bind Owner to perform pursuant to the terms and conditions of this Agreement.

Section 615 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 616 Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

Section 617 Severability

If any provision of this Agreement shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions of this Agreement shall not be affected thereby, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein, and the remainder of this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

PART 7. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement constitutes the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental to this Agreement, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Authority or Owner, and all amendments to this Agreement must be in writing and signed by the appropriate authorities of Authority and Owner.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the Authority and Owner have signed this Agreement as of the date first written above.

"AUTHORITY"

THE HOUSING AUTHORITY OF THE CITY OF PALMDALE

By: _____
Ronda Perez
Executive Director

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
William P. Curley, III
Authority Counsel

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
Authority Special Counsel

"OWNER"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

ATTACHMENT NO. 1

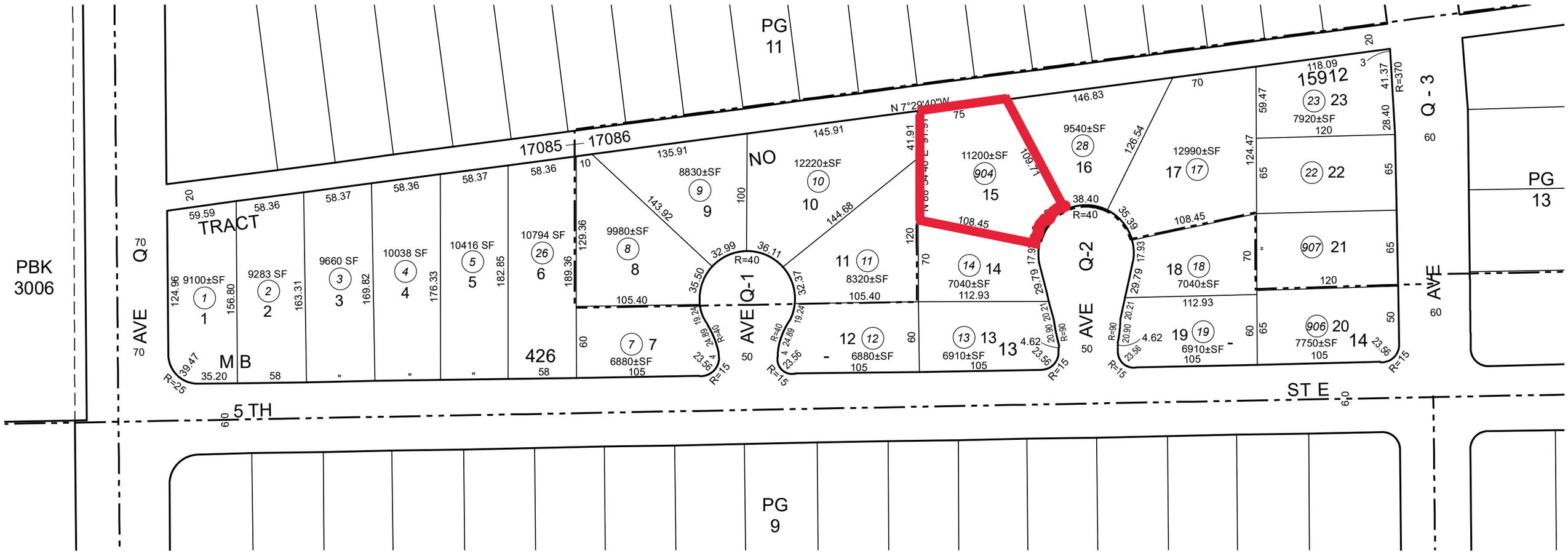
SITE MAP

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3008	10 SHEET	P. A. 996-10	TRA 17085 17086	REVISED 10-24-62 710302	710325 790123 2002032802009001-A1	2003072110007001-A1 2004120610001005-A1 2005021602003001-A1	2008031904002001-A1 2012030102-A1 2012112002-A1	2013082902001001-A1 2015051108003001-A1 20220630	SEARCH NO		OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2023

MAPPING AND GIS SERVICES
SCALE 1" = 80'



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE, UNLESS OTHERWISE NOTED.

Date Printed: 4/30/2015 11:26:44 AM
Date Saved: 7/21/2022 12:42:17 PM

ATTACHMENT NO. 2

LEGAL DESCRIPTION

LEGAL DESCRIPTION OF PROPERTY

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

APN 3008-010-904

ATTACHMENT NO. 3

METHOD OF FINANCING

[behind this page]

ATTACHMENT NO. 3

METHOD OF FINANCING

This is the Method of Financing attached to the Affordable Housing Agreement ("**AHA**") entered into between the HOUSING AUTHORITY OF THE CITY OF PALMDALE ("**Authority**") and ADVANCING COMMUNITIES TOGETHER ("**Owner**"). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the AHA.

1. Total Acquisition and Development Costs. The parties estimate that the cost of acquiring the Property and developing and constructing the Project will be approximately $901,985.94, as provided in Section 2 below.

2. Sources and Uses of Financing. The parties anticipate that the acquisition and Development Costs shall be financed with a combination of the Authority Loan and the PLHA Loan, as set forth below:

Sources of Funding		**Use of Funding**	
Authority Loan	$80,000.00	Acquisition	$80,000.00
PLHA Loan	$821,985.94	Development Costs	$821,985.94
Total Financed	$901,985.94		$901,985.94

Owner shall be responsible for providing any additional funds which may be needed to pay for cost overruns and contingencies not otherwise funded by the sources described above. The Authority Loan is a carry back loan in an amount not to exceed $80,0000. The Authority Loan shall be repaid as set forth in the Authority Note.

3. Project Budget. All acquisition and Development Costs shall be as set forth in the Project Budget attached to the AHA as Attachment No. 7. Any amendment or change to the Project Budget shall require the written approval of the Executive Director or designee. Upon written Authority approval of any amendment or change, the Project Budget shall be replaced by the Authority-approved revised Project Budget.

4. Evidence of Financing. The sum of the sources of financing described above shall be sufficient at all times to pay all acquisition and Development Costs as set forth in the most recently Authority-approved Project Budget. Within the time provided therefor in the Schedule of Performance, Owner shall submit, for approval by the Executive Director or designee, evidence of such financing, including all of the following: (a) copies of all loan and other documents required by any financing source to obtain financing for Development Costs; (b) documentation evidencing the availability of any Owner equity; and (c) any other documents and information reasonably required by the City. To the extent that the sum of the sources of funds described above is insufficient to pay all acquisition and Development Costs, prior to the Closing, Owner shall

demonstrate the availability of other irrevocably committed or received funding sources at least equal to the shortfall.

5. Conditions Precedent to Closing

The Closing is conditioned upon the occurrence of each of the following conditions precedent for the benefit of the Authority on or prior to the Closing:

a. Owner submits, and the Executive Director or designee approves, a Project Budget, current as of the Closing (if different than the Project Budget attached to the AHA at the time of execution);

b. Owner submits, and the Executive Director or designee approves, the evidence of financing demonstrating to the satisfaction of the Authority the availability of sufficient funds to pay all Development Costs;

c. Owner submits, and the Executive Director or designee approves, insurance policies and endorsements required by the AHA;

d. Owner submits, and the Executive Director or designee approves, a copy of the fully executed general construction contract with the Authority-approved licensed general contractor, covering all construction work required by the Agreement and the approved final Plans;

e. Owner submits, and the Executive Director or designee approves, a contractor's performance bond in an amount not less than One Hundred Percent (100%) of the costs to complete the Project and a payment bond guaranteeing the contractor's completion of the work free from liens of materialmen, contractors, subcontractors, mechanics, laborers, and other similar liens, which must name the Authority and City as an additional obligees;

f. Owner executes, with signature notarized where required, and delivers to the City or Escrow Agent the following PLHA Loan documents;

(i) PLHA Agreement;
(ii) PLHA Note;
(iii) PLHA Deed of Trust;
(iv) PLHA Assignment of Agreements;
(v) PLHA Environmental Indemnity;
(vi) PLHA Assignment of Rents; and
(vii) PLHA Regulatory Agreement.

g. Owner executes, with signature notarized where required, and delivers to the City or Escrow Agent the following AHA documents;

(i) Agreement Containing Covenants;

(ii) Grant Deed;
(iii) Authority Note;
(iv) Authority Deed of Trust;
(v) Assignment of Agreements;
(vi) Environmental Indemnity;
(vii) Assignment of Rents; and
(viii) Notice of Restrictions.

h. All other documents required or necessary for the Closing shall have been duly executed, with signature notarized where required, by the applicable signatories, and delivered to the Authority or Escrow Agent, including, without limitation, UCC-1 for filing and recording for the AHA and the PLHA Loan;

i. Owner deposits with the Escrow Agent any and all of the funds and duly executed instruments required of it by the AHA to close the Escrow;

j. Owner submits, and the Executive Director or designee approves, evidence satisfactory to the Authority that Owner has obtained all entitlements, approvals, variances and permits (or Owner shall have received a permit ready letter with the cost of such permits to be paid promptly following the Closing from funds which have been budgeted in the Project Budget) necessary for the construction of Project;

k. Owner submits, and the Executive Director or designee approves, the Plans for the Property, as required by the AHA;

l. Owner shall have duly performed each and every agreement to be performed by Owner prior to the Close of Escrow;

m. Authority shall have reviewed and approved the Escrow Agent's estimated statement of closing costs;

n. Owner submits, and the Executive Director or designee approves, documentation relating to the corporate status of Owner, including, without limitation,: articles of incorporation; copies of all resolutions or other necessary actions taken by such entity to authorize the execution of the AHA and related documents; and a certificate of status issued by the California Secretary of State;

o. Escrow Agent shall have approved such supplemental recording instructions as may have been prepared on behalf of the Authority;

p. Owner shall not be in default of any of its obligations under the AHA or any documents and instruments referred to therein or executed by the in furtherance of the AHA; and

q. Title Company is prepared to issue the Title Insurance Policies, at Owner's cost.

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

[behind this page]

SCOPE OF DEVELOPMENT

Advancing Communities Together Duplex Development Design Description

1. General

The completed duplex unit to be constructed will consist of two two-story units with 1400 square feet of living space per unit with a two-car garage per unit. Each unit will have three bedrooms with two full baths on the second-story floor and a half-bath on the first floor.

Standard features will include FHA standard or better carpeting, vinyl flooring in the kitchen and bathrooms, and energy-efficient appliances such as water heater, stove/oven, dishwasher, microwave, and HV/AC system.

The front and backyards are to be landscaped with decomposed granite and drought-tolerant vegetation, comprising of one plant per 9 square feet. The backyard will have a minimum of 8 x 16 concrete patio areas and a minimum of 10 x 16 grass areas. All irrigation is to be automated.

Overall design and building standards are subject to the approval of the City of Palmdale Building and Safety Department and Planning Department.

Comply with Public Safety's Multi-family Program and Building and Safety's Rental Inspection Program.

2. Standards, Controls and Restrictions

Standards, controls, and restrictions regarding construction and development, including, but not limited to, maximum land coverage, setbacks, and building construction, shall be as required by the Palmdale General Plan, Zoning Ordinance, and Municipal Code, and shall be as mutually agreed upon by the City and Owner in approved construction drawings, plans and specifications, and shall be consistent with the approved conceptual development standards and the Site Plan Review plans and standards, including conditions of approval and environmental mitigation measures.

a) On-site Public Improvements and Utilities

Owner shall construct and install all utilities on the Property required by the City of Palmdale, and all other on-site public improvements necessary for the Project, including, but not limited to:

1. sewers
2. storm
3. electricity
4. gas
5. telephone
6. water
7. curbs
8. gutters
9. sidewalks and pavement

3. City Requirements

Owner shall be responsible for complying with all permit and fee requirements of the City of Palmdale and compliance with all conditions of approval for the Project, including the construction of required off-site public improvements.

ATTACHMENT NO. 5

SCHEDULE OF PERFORMANCE

[behind this page]

SCHEDULE OF PERFORMANCE

1.	Execution of Agreement by the Authority. The Authority shall hold a public hearing on the Agreement, and authorize the Executive Director to execute and deliver the Agreement to the Owner.	As soon as feasible after submission of executed Agreement by Owner.
2.	Submittal - Basic Concept/Schematic Drawings. The Owner shall submit to the Authority for approval the Basic Concept/Schematic Drawings and related documents (site plans, elevations and preliminary floor plans).	Not later than sixty (60) days after approval of the Agreement by the Authority.
3.	Approval - Basic Concept/Schematic Drawings. The Authority shall approve or disapprove the Basic Concept/Schematic Drawings and related documents.	Not later than thirty (30) days after submission of the materials by the Owner.
4.	Submittal – 50% Construction Drawings and Specifications. The Owner shall prepare and submit to the Authority for approval the 50% Construction Drawings and Specifications.	Not later than ninety (90) days after approval by the Authority of the Basic Concept/Schematic Drawings.
5.	Submittal – Final Construction Drawings, Specifications and Landscaping Plans. The Owner shall prepare and submit to the Authority for approval the Final Construction Drawings, Specifications and Landscaping Plans.	Not later than ten (10) days prior to the scheduled date of the Closing Date.
6.	Approval - Final Construction Drawings, Specifications and Landscaping Plans. The Authority shall approve or disapprove the Final Construction Drawings, Specifications and Landscaping Plans.	Not later than the scheduled date of the Closing Date.
7.	Closing Date. All conditions precedent to the Close of Escrow shall have been satisfied.	Not later than November 30, 2024.

8.	Commencement of Construction. The Owner shall commence construction of the improvements on the Property.	Within thirty (30) days after the Closing Date.
9.	Completion of Construction. The Owner shall complete construction of the Project on the Property.	Not later than twelve (12) months after commencement of construction.
10.	Submittal - Tenant Lease. The Owner shall prepare and submit to the Authority for approval the proposed tenant lease for the Project as provided in the Agreement.	At least three (3) months prior to occupancy of the Project.
11.	Submittal-Tenant Selection and Eligibility Plan. The Owner shall prepare and submit for approval the proposed tenant selection and eligibility plan for the Project as provided in the Agreement.	At least three (3) months prior to occupancy of the Project.
12.	Lease-Up. The Owner shall have achieved lease-up of the units in the Project.	Not later than one (1) month after completion of construction.

ATTACHMENT NO. 6

AGREEMENT CONTAINING COVENANTS

[behind this page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

HOUSING AUTHORITY
OF THE CITY OF PALMDALE
38250 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8908

AGREEMENT CONTAINING COVENANTS
(INCLUDING RENTAL RESTRICTIONS)

THIS AGREEMENT CONTAINING COVENANTS (Including Rental Restrictions) ("**Agreement**"), by and between the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic ("**Authority**"), and ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), is made in reference to the following:

A. Owner owns that certain real property ("**Property**") located in the City of Palmdale, County of Los Angeles, State of California, legally described in the legal description attached hereto and incorporated herein as Exhibit A.

B. Owner and Authority entered into that certain Affordable Housing Agreement dated as of _____, 2024, as it may be amended or modified from time to time ("**AHA**"). The AHA is incorporated herein by this reference. AHA as used herein shall mean, refer to and include the AHA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not defined herein shall have the meaning ascribed to such term in the AHA.

D. This Agreement acknowledges and provides that the Owner shall use the Property pursuant to the terms and provisions of the AHA, which document is a public record on file in the office of the Secretary of the Authority.

NOW, THEREFORE, AUTHORITY AND OWNER AGREE AS FOLLOWS:

(1) Owner, its successor and assigns, shall use the Property only for the uses specified in the AHA and this Agreement, specifically including the following:

(a) The Property shall be acquired and used as an affordable residential rental development, consisting of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) (the "**Affordable Units**") available to and occupied exclusively by Low Income households at Affordable Rent. No change in the use of the Property shall be permitted without the prior written approval of Authority.

(b) The maximum incomes of residential tenants eligible to rent the Affordable Units shall be determined on the basis of the area median income (the "**AMI**") for Los Angeles County, as determined by the United States Department of Housing and Urban Development and published from time to time by the California Department of Housing and Community Development ("**HCD**"). For purposes of this Agreement, the term "**Low Income**" shall mean an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median Income, adjusted for family size appropriate for the unit.

(c) For purposes of this Agreement the term "**Affordable Rent**" shall mean the maximum monthly rent (including a reasonable utility allowance) that may be charged to tenants of the Affordable Units calculated as follows: 1/12 times the product of thirty percent (30%) times sixty percent (60%) of the AMI, adjusted for family size appropriate for the unit.

(d) Owner agrees that prior to the initial rent-up of the Affordable Units, Owner shall consult with and obtain the approval of the Authority in developing a fair marketing plan for renting the Affordable Units.

(e) Authority, and its successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Section 1. Owner covenants that it shall comply with any monitoring program set up by Authority enforce said covenants. In complying with such monitoring program, Owner or its agent shall prepare and submit to Authority an occupancy report, financial information and income verification documents for each tenant of an Affordable Unit, and all supporting documentation, on forms provided by Owner, annually, setting forth the required information for the preceding year. On an annual basis, Owner or its agent shall additionally submit to Authority evidence of each tenant's continuing eligibility for the Affordable Units. Authority shall review such reports for certification of continuing affordability of Affordable Units and eligibility of tenants.

(f) No officer, employee, agent, official or consultant of Owner may occupy any of the Affordable Units.

(2) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall promptly register the Property with the City's Rental Program and thereafter maintain said registration.

(3) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, as additional consideration in order to induce Authority to convey the Property to Owner in accordance with the AHA, shall use the Residual Receipts (defined below) for housing related programs that are consistent with the Neighborhood Improvement Strategy to benefit low income households. Owner or its agent shall prepare and submit to Authority, annually, a "Proposed Use of Residual Receipts Recommendation" to the Authority for administrative approval prior to spending the Residual Receipts on such approved uses. For purposes of this Agreement, the term "**Residual Receipts**" shall mean (a) Revenue minus (b) Operating Expenses, calculated on a 12-month basis and the term "**Revenue**" shall mean the gross rental income from the Property, and any other income to the Owner derived from the ownership, operation and management of the Property. The term "**Operating Expenses**" shall mean actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property, expressly including, without limitation: debt service on any mortgage loan pre-approved by the Authority in its absolute and sole discretion; property taxes and assessments; maintenance costs (including materials and labor); reasonable and customary payments to a replacement reserve account; painting, cleaning, repairs and alterations; landscaping; utilities; rubbish removal; certificates, permits and licenses; sewer charges; real and personal property taxes and assessments; insurance; security; cable television, satellite and similar facilities; a reasonable property management fee, not to exceed five percent (5.0%) of effective gross income; purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves); and fees and expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party. The calculation of Operating Expenses shall be subject to the reasonable approval of the Authority.

(4) (a) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall maintain the Property and the Project on the Property in the same aesthetic and sound condition (or better) as the condition of the Property and Project at the time Owner receives the final certificate of occupancy from the City. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walkways and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order.

(b) If the Authority gives written notice to Owner that the maintenance or condition of the Property or any portion thereof or any other improvements thereon does not comply with this Agreement, Owner shall correct, remedy or cure the deficiency within thirty (30) days following the date of such notice, unless the notice states that the deficiency is an urgent matter relating to public health and safety, in which case, Owner shall cure such deficiency within forty-eight (48) hours following the date of the notice. In the event Owner fails to cure any such deficiencies within the applicable period described above, the Authority shall have, in addition to any other rights and remedies hereunder, the right to maintain the Property or any portion thereof or any other improvements thereon or to contract for the correction of any deficiencies, and Owner shall be responsible for payment of all such costs actually and reasonably incurred by the Authority and such payment shall constitute a lien on the Property until paid by the Owner pursuant to California Civil Code Section 2881.

(5) Owner herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, and this Agreement is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the transferee itself or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees of the Property.

(6) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall refrain from restricting the rental, sale, or lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the Property, or any portion thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, 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, sublessees, subtenants, or vendees of the land."

(7) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall be responsible for the operation of the Property either by direct management or by contracting its managerial functions to a third party property manager reasonably acceptable to the Authority which property manager will be charged with managing the Property on behalf of the Owner. The Authority shall have the right to review and approve in writing any such entity and/or its management agreement prior to its selection by the Owner. Such approval shall not be unreasonably withheld. Owner shall include in any such property management agreement a provision providing for the termination of the agreement in the event that the property manager violates any federal, state or local health and safety laws and regulations which are not cured within thirty (30) days following the giving of notice of such violations by the Authority or any other governmental entity.

(8) Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any portion thereof that Owner, its successors and assigns, shall comply with and be subject to Sections 108 and 317 of the AHA. Prior to the full

reconveyance of the Authority Deed of Trust, Owner shall not, except as permitted by the AHA, assign or attempt to assign the AHA or this Agreement or any right herein or therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or the improvements thereon, without prior written approval of the Authority.

In the absence of a specific written agreement by the Authority, no such sale, transfer, conveyance or assignment of this Agreement or the Property (or any portion thereof), or approval by the Authority of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Owner or any other party from any obligations under the AHA or this Agreement.

(9) All conditions, covenants and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Authority, its successors and assigns, and the City of Palmdale (the "**City**"), and its successors and assigns, against Owner, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof. Authority and the City shall be deemed the beneficiaries of the covenants, conditions and restrictions of this Agreement both for and in their own rights and for the purposes of protecting the interests of the community. The covenants, conditions, and restrictions shall run in favor of the Authority and the City, without regard to whether the Authority or City has been, remains, or is an owner of any land or interest therein to which such covenants relate. Except as provided in the preceding sentence, the covenants, conditions and restrictions contained in this Agreement shall not benefit nor be enforceable by any owner of real property.

(10) Authority and the City shall each have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

(11) Every term, covenant, condition and restriction contained in this Agreement shall remain in effect as follows:

(a) The covenants contained in Sections 5 and 6 herein shall remain in full force and effect in perpetuity.

(b) The covenants contained in Section 8 herein shall remain in full force and effect until full reconveyance of the Authority Deed of Trust.

(c) Every other term, covenant, condition and restriction contained in this Agreement shall remain in full force and effect for the longest feasible time, but not less than fifty-five (55) years following recordation of this Agreement.

(12) Prior to exercising any remedies hereunder, Authority shall give Owner notice of such default. Unless a different period is provided herein, if the default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by Authority. Unless a different period is provided herein, if the default is such that it is not reasonably capable of being cured within thirty (30) days, and Owner (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Authority. In no event shall Authority be precluded from exercising remedies if the Property becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(13) If a violation of any of the covenants or provisions of this Agreement remains uncured after the respective time period set forth in this Agreement, Authority and the City, and their respective successors and assigns, without regard to whether Authority or the City is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceedings at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by Owner of its obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

(14) Owner hereby subjects the Property to the covenants, reservations, and restrictions set forth in this Agreement. The Authority and Owner hereby declare their express intent that all such covenants, reservations, and restrictions will be deemed covenants running with the land and will pass to and be binding upon Owner's successors in title to the Property.

(15) This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the Authority and Owner have signed this Agreement as of the date first written above.

"AUTHORITY"

THE HOUSING AUTHORITY OF THE CITY OF PALMDALE

By: _____
Ronda Perez
Executive Director

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
William P. Curley, III
Authority Counsel

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
Authority Special Counsel

"OWNER"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 7

PROJECT BUDGET

[behind this page]

PDC Q2-Family Rental Development Budget

Project Name: **0**
Developer: **Advancing Communities Together**
Address: **Palmdale , Ca 93350**

Green Cells are User Input
White Cells are Automatically Calculated Values

Uses

Acquisition Costs:

Acquisition: Land		$ 80,000
Escrow/Title		$ 5,000
Total Acquisition:		***$ 85,000***

Construction:

Contract with GC (incl profit, OH, gen conditions)		$ 30,000
Bond Premium		$ -
Construction Contingency	10%	$ 3,000
Total Construction:		***$ 33,000***

Costs:

Building Permit, License & Fees		$82,500.00
Architect or Rehab Specialist - Specs/Estimates		$16,000.00
Foundation/Grading		$90,579.41
Plumbing		$75,000.00
Electrical		$50,000.00
Framing		$88,750.00
Insulation		$9,117.00
Stucco		$28,477.40
Roofing		$19,690.00
HVAC		$20,000.00
Windows		$13,750.00
Doors/ Exteriors/Garage		$4,998.17
Drywall		$23,750.00
Furniture Fixtures & Equipment		$61,250.00
Interior Finished		$14,750.00
Cabinets		$26,250.00
Flooring		$9,875.00
Concrete Flat work		$27,000.00
Landscaping		$41,250.00
contingency		$1,998.00
Soft Cost Contingency	8%	$55,998.96

Developer Fee		
Total Soft Costs:		***$793,983.94***

Total Development Cost:	***$911,983.94***

Sources

Supportable Debt (see Operating Budget)	**$**	**-**
Additional Sources of Funds:		
Housing Authority Loan	$	80,000
Owner/Investor Equity	$	10,000
PLHA Loan/Grant	$	821,984
Total Development Sources:	***$***	***911,984***
Gap/(Or Excess Sources):	***$***	***(0)***

ATTACHMENT NO. 8

GRANT DEED

[behind this page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

HOUSING AUTHORITY
OF THE CITY OF PALMDALE
38300 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8908

The undersigned Grantor declares:
Documentary Transfer Tax is: $_____ (County); City Tax is: $_____.
[X] computed on full value of property conveyed, or
[ ] computed on full value less value of liens or encumbrances remaining at time of sale,
[ ] Unincorporated area; [X] City of Palmdale.

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic of the State of California, herein called "**Grantor**," hereby grants to ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation, herein called "**Grantee**," the real property, hereinafter referred to as the "**Property**," described in the document attached hereto, labeled Exhibit "A" and incorporated herein by this reference, in accordance with and subject to the covenants, conditions and restrictions set forth in this Grant Deed.

This Grant Deed is made pursuant to that certain Affordable Housing Agreement by and between Grantor and Grantee, dated for reference purposes _____, 2024, as it may be amended or modified from time to time (the "**AHA**"), which is a public record on file at the offices of Grantor and is incorporated herein by this reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the AHA.

1. Reservation. Grantor excepts and reserves to the extent now or hereafter validly excepted and reserved by the parties named in deeds, leases and other documents of record, all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet

below the surface, together with the right to drill into, through, and to use and occupy all parts of the Property lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from the Property, but without, however, any right to use or disturb either the surface of the Property or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

2. Use of the Property. The Property is conveyed to Grantee at the "Purchase Price" (as defined in the AHA), determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Grantee, such successors and such assigns, shall develop, maintain, and use the Property only as follows.

(a) The Grantee shall use the Property exclusively for the construction and development of a duplex rental apartment with two (2) two-story units (3 bedrooms/ 2 bath per unit) available to and occupied exclusively by Low Income households at Affordable Rent, in accordance with and subject to all of the terms and conditions of the AHA and the Agreement Containing Covenants. The Grantee shall use the Property for such uses and purposes and in accordance with plans and specifications for the redevelopment of the Property approved by Grantor. No change in the use of the Property and no new construction or material exterior modification or alteration of any structure on the Property shall be permitted without the prior written approval of Grantor, in its sole and absolute discretion.

(b) Devote the Property, or cause the Property to be devoted, to use solely in accordance with the AHA, the Agreement Containing Covenants, and this Grant Deed.

(c) Pay when due all real estate taxes and the special taxes or assessments assessed and levied on the Property or any portion thereof or any improvements thereon or any interest therein and refrain from appealing, challenging or contesting in any manner the validity or amount of any ad valorem property tax assessment, encumbrance or lien, provided, however, that such prohibition shall not apply to an appeal, challenge or contest of (a) the initial assessment for property tax purposes of the Property in the fiscal year of the Completion of the improvements, (b) the initial assessment of any addition to or expansion of the Property, or (c) any increases based on transfer of ownership of the Property.

3. Transfer Restrictions. Grantee shall not make any sale, transfer, conveyance or assignment of the Property or any part thereof or the buildings or structures thereon, except as expressly permitted by Sections 108 and 317 of the AHA. Prior to the recordation of a Release of Construction Covenants for the Project pursuant to the AHA, in the event that Grantee does sell, transfer, convey or assign any part of the Property or buildings or structures thereon in violation of the AHA or this Grant Deed, in addition to any other rights and remedies available to Grantor,

Grantor shall be entitled to increase the Purchase Price paid by Grantee by the amount that the consideration payable for such sale, transfer, conveyance or assignment is in excess of the Purchase Price paid by Grantee, plus any cost of improvements and development completed by Grantee on the Property in conformance with the AHA, including carrying charges and costs related thereto. The consideration payable for such sale, transfer, conveyance or assignment to the extent it is in excess of the amount so authorized shall belong and be paid to Grantor and until paid Grantor shall have a lien on the Property and any part involved for such amount.

4. POWER OF TERMINATION (Cal. Health and Safety Code Sections 33437 and 33438; Civil Code Sections 885.010*, et seq.*)

(a) Right of Reentry. Grantor shall have the right, at its option, to reenter and take possession of the Property with all improvements thereon, and to terminate and revest in Grantor the estate theretofore conveyed to Grantee, if after the Close of Escrow and prior to the issuance of the Release of Construction Covenants for the Project pursuant to the AHA, Grantee (or its successors in interest):

(1) fails to start the construction of the Project as required by the AHA for a period of thirty (30) days after written notice thereof from Grantor; or

(2) abandons or substantially suspends construction of the Project required by the AHA for a period of thirty (30) days after written notice thereof from Grantor; or

(3) transfers or suffers any involuntary transfer of the Property or any part thereof in violation of contrary to the provisions of Section 317 or any other section of the AHA.

(b) Limitations on Right of Reentry. Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

(1) Any mortgage or deed of trust permitted by the AHA; or

(2) Any rights or interests provided in the AHA for the protection of the holders of such mortgages or deeds of trust.

(c) Grantor's Obligations. Upon the revesting in Grantor of title to the Property, or any part thereof, as provided in this Section 4, Grantor shall, pursuant to its responsibilities under state law, use its best efforts to resell the Property, or any part thereof, as soon and in such manner as Grantor shall find feasible and consistent with the objectives of the Community Redevelopment Law to a qualified and responsible party or parties (as determined by Grantor), who will assume the obligation of making or completing the improvements, or such other

improvements in their stead, as shall be satisfactory to Grantor. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

(1) First, to reimburse Grantor, on its own behalf or on behalf of the City, all costs and expenses incurred by Grantor or the City, including, but not limited to: any expenditures by Grantor or the City in connection with the recapture, management and resale of the Property or part thereof (but less any income derived by Grantor or the City from the Property or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Property or part thereof which Grantee has not paid (or, in the event that Property is exempt from taxation or assessment of such charges during the period of ownership thereof by Grantor, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of revesting of title thereto in Grantor, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Property, or part thereof; and any amounts otherwise owing Grantor, and in the event thereafter available; and

(2) Second, to reimburse Grantee, its successor or transferee, up to the amount equal to the sum of (i) the costs incurred for the acquisition and development of the Property and for the improvements existing on the Property at the time of the reentry and possession, less (ii) any gains or income withdrawn or made by Grantee from the Property or the improvements thereon.

(3) Any balance remaining after such reimbursements shall be retained by Grantor as its property. The rights established in this Section 4 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. The rights are to be interpreted in light of the fact that Grantor will have conveyed the Property to Grantee for redevelopment purposes, particularly for development of the Project and not for speculation.

(d) Rights to be Strictly Interpreted. To the extent that the right established in this Section 4 involves forfeiture, it must be strictly interpreted against Grantor, the party for whose benefit it is created. The rights established in this Section 4 are to be interpreted in light of the fact that Grantor is conveying the Property to Grantee for development and not for speculation.

(e) Termination of Right of Reverter. This Section 4 shall no longer apply upon the recordation of the Release of Construction Covenants for the Project pursuant to the AHA.

5. Covenants Run With Land. All conditions, covenants and restrictions contained in this Grant Deed shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Grantor, its successors and assigns, and the City of Palmdale and its successors and assigns, against Grantee, its successors and assigns, to or of the Property conveyed herein or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

6. Expiration of Covenants. Except as provided in the following sentence, every covenant and condition and restriction contained in this Grant Deed shall remain in effect until the date that is fifty-five (55) years after the date of recordation of this Grant Deed in the Official Records. The covenants set forth in Section 4 of this Grant Deed shall terminate and be released upon the recordation of the Release of Construction Covenants for the Project pursuant to the AHA.

7. Enforcement of Covenants. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Grantor shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Grantor, and such covenants shall run in favor of Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether Grantor is or remains an owner of any land or interest therein to which such covenants relate. Grantor shall have the right, in the event of any breach of any covenant, condition or restriction set forth in this Grant Deed, to exercise any and all rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of the covenant, condition or restriction, including, without limitation, the Grantor's right of reentry and increasing the Purchase Price payable by Grantee. Such rights and remedies are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise, at the same or different times, of any other rights or remedies for the same default or any other default by Grantor, including, without limitation, the Grantor's right of reentry and increasing the Purchase Price payable by Grantee.

8. Effect of Foreclosure. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest in the Property; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

9. No Waiver. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

10. Counterparts. This Grant Deed may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized this ____ day of _____, 202__.

"GRANTOR"

THE HOUSING AUTHORITY OF THE CITY OF PALMDALE

By: _____
Ronda Perez
Executive Director

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
William P. Curley, III
Authority Counsel

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
Authority Special Counsel

"GRANTEE"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 9

AUTHORITY NOTE

[behind this page]

PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO THE HOUSING AUTHORITY OF THE CITY OF PALMDALE
(A-8908)

0% Palmdale, California
$80,000 _____, 2024

FOR VALUE RECEIVED, ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Borrower**"), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic ("**Authority**"), or order, a principal amount of Eighty Thousand Dollars ($80,000) pursuant to the Affordable Housing Agreement dated as of _____, 2024, (the "**AHA**") between Borrower ("Owner" therein) and the Authority, incorporated herein by this reference. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the AHA. Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

1. This Promissory Note ("**Note**") evidences the obligation of the Borrower to the Authority for the repayment of the Authority Loan. This Promissory Note is made pursuant to the AHA.

2. This Note is payable at the principal office of Authority, 38300 Sierra Highway, Palmdale, California 93550, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

3. This Note shall be secured by the Authority Deed of Trust.

4. This Note shall accrue simple interest at the rate of zero percent (0%) per annum on the principal amount outstanding, from the date of disbursement.

5. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable upon the date that is fifty-five (55) years from the date of this Note ("**Maturity Date**") or upon the earlier occurrence of any of the following:

(a) the date the Property or any improvements thereon or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the Authority, except as permitted by the provisions of the AHA; or

(b) the date on which there is a default by the Borrower under the terms of this Note, the AHA, the Authority Deed of Trust, the Agreement Containing Covenants, or any deed of trust or other instrument securing a loan on the Property or any improvements thereon or any portion thereof or interest therein, which is not cured or waived within the respective time period provided herein and therein; or

(c) the date on which Borrower enters into or executes any loan, deed of trust, mortgage, financing, or refinancing the Property or any improvements thereon or any portion thereof or interest therein without the prior written approval of the Authority.

6. Except in the event of a default or event described in Section 5 hereof, no payments will be due and payable under this Note prior to the Maturity Date. Upon the occurrence of an event of a default described in Section 5 hereof, the outstanding portion of the principal shall bear interest at the rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law.

7. Borrower may prepay this Note, or any part hereof, without penalty. However, prepayment of the obligation evidenced by this Note prior to the expiration of the term of the Agreement Containing Covenants will not entitle Borrower to a reconveyance of the Authority Deed of Trust.

8. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either.

9. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of the AHA or the Agreement Containing Covenants or the Authority Deed of Trust, the holder may exercise its rights or remedies hereunder or thereunder.

10. Failure or delay by Borrower to perform any material term or provision of this Note, the AHA, the Agreement Containing Covenants, or the Authority Deed of Trust constitutes a default under this Note.

(a) For defaults under this Note, the Authority shall give written notice of default to Borrower, specifying the default complained of by the Authority. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(b) Any failures or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(c) If a monetary event of default occurs under this Note, prior to exercising any remedies hereunder, the Authority shall give the Borrower written notice of such default. The Borrower shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the Authority.

(d) If a non-monetary event of default occurs under this Note, prior to exercising any remedies hereunder, the Authority shall give Borrower notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by the Authority. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the Authority provided however in no event shall such additional time exceed ninety (90) days.

(a) A notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the addresses specified for the Borrower in this Note, or (ii) by electronic facsimile transmission to the facsimile numbers specified for the Borrower in this Note, followed by delivery by the method described in clause (i), or (iii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the addresses specified for the Borrower in this Note. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission or (ii) the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either party gives notice of a change of address in the manner specified in this paragraph, all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

(b) Cure periods hereunder shall not change, modify, or increase any cure periods under the AHA, the Agreement Containing Covenants, or the Authority Deed of Trust.

11. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid.

12. (a) The obligation to repay the Authority Loan is a nonrecourse obligation of the Borrower and its partners. Neither the Borrower nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of the Authority with respect to repayment of the Authority Loan shall be the exercise of its rights against the Property and the improvements and any related security for the Authority Loan. Notwithstanding the foregoing, the Authority may:

(i) obtain a judgment or order (including, without limitation, an injunction) requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the Authority Loan; and

(ii) recover directly from Borrower or any other party:

(A) all damages, costs and expenses incurred by the Authority as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower or of any general partner of Borrower or of any member of a general partner of Borrower;

(B) all damages, costs and expenses incurred by the Authority as a result of misappropriation of funds provided for the construction of the Project, as described in the AHA, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(C) all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Materials provided to the Authority in connection with the AHA; and

(D) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

13. (a) The address of Borrower for purposes of receiving notices pursuant to this Note is as follows: 38626 9th Street East, Palmdale, California, 93550.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

ATTACHMENT NO. 10

AUTHORITY DEED OF TRUST

[behind this page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

HOUSING AUTHORITY
OF THE CITY OF PALMDALE
38250 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8908

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS)

This Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) ("**Deed of Trust**") is made as of _____, 2024 by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Trustor**"), whose address is 38626 9th Street East, Palmdale, California, 93550, to _____ ("**Trustee**"), for the benefit of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic ("**Beneficiary**"), whose address is 38300 Sierra Highway, Palmdale, California 93550.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "**Trust Estate**"):

(a) That certain real property in the City of Palmdale, County of Los Angeles, State of California more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereafter referred to as the "**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "**Improvements**");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "**Appurtenances**"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "**Real Property**");

(e) subject to the terms of the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future

payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "**Rents**");

(f) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "**UCC**"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "**Goods**," and together with the Real Property, the "**Property**"); and

(g) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor

covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following (all of which re collectively referred to as the "**Secured Obligations**"):

(1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) a promissory note in the original principal amount of $80,000 executed by Trustor ("Borrower" therein) of approximately even date herewith, as it may be amended or modified from time to time (the "**Promissory Note**");

(b) the Affordable Housing Agreement dated as of _____, 2024 between Trustor and the Beneficiary, as it may be amended or modified from time to time (the "**AHA**");

(c) the Agreement Containing Covenants (Including Rental Restrictions) between Trustor and Beneficiary, recorded concurrently herewith, as it may be amended or modified from time to time ("**Agreement Containing Covenants**"); and

(2) payment of indebtedness of the Trustor to the Beneficiary in the principal sum of $80,000 evidenced by the Promissory Note, with interest, according to the terms of the Promissory Note.

The Secured Obligations and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Any capitalized term that is not otherwise defined in this Deed of Trust shall have the meaning ascribed to such term in the AHA.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Promissory Note at the time and in the manner provided therein, and perform the obligations of the Owner/Borrower as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Agreement Containing Covenants;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That, subject to the prior rights, if any, of a lender whose lien is senior to this Deed of Trust (each a "**Senior Lender**"), all rents, profits and income from the Trust Estate are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the AHA.

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements hereafter constructed on the Subject Property in accordance with the AHA insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by the Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies shall be deposited with the Beneficiary;

7. To pay, at least 10 days before delinquency, all taxes and assessments affecting the Property; to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable

cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, the Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions, and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the Promissory Note shall at the option of the Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in an amount one-and-one-half (12) times the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or

hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of the Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of any Senior Lender, if any, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of any Senior Lender, if any, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the Promissory Note secured hereby. No amount applied to the reduction of the principal shall relieve the Trustor from making regular payments as required by the Promissory Note, if any;

18. Upon default by Trustor in making any payments provided for in the Promissory Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Section 34 of this Deed of Trust, below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed, the Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the full reconveyance of this Deed of Trust and expiration of the term of the Agreement Containing Covenants, the Trustor shall not assign or attempt to assign the AHA or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a "**Transfer**"), without prior written approval of the Beneficiary, except as otherwise permitted in the AHA. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If consent should be given, any such transfer shall be subject to this Section 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the

provisions of paragraph e(3) of this Section 19.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Beneficiary, to fulfill the obligations undertaken by Trustor in the AHA and the other Secured Obligations. Any such proposed transferee, by instrument in writing satisfactory to the Beneficiary and in form recordable among the land records of Los Angeles County, for itself and its successors and assigns, and for the benefit of the Beneficiary shall expressly assume all of the obligations of the Trustor under the AHA and the other Secured Obligations, and agree to be subject to all conditions and restrictions applicable to the Trustor in the AHA and the other Secured Obligations, subject to the provisions of paragraph e(3) of this Section 19. There shall be submitted to the Beneficiary for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the Beneficiary its approval shall be indicated to the Trustor in writing.

c. In the absence of specific written agreement by the Beneficiary, no unauthorized Transfer, or approval thereof by the Beneficiary, shall be deemed to relieve the Trustor or any other party from any obligations under the AHA or any other Secured Obligation.

d. In the event of a Transfer prior to the full reconveyance of this Deed of Trust and expiration of the term of the Agreement Containing Covenants and without the prior written consent of the Beneficiary, the net proceeds (after repayment in full of any loan from a Senior Lender, if any, and the reconveyance of any and all deeds of trust from any Senior Lender, if any), shall be paid to the Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the Authority Loan.

e. (a) As used herein, "Transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e(3) of this Section 19, below.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the AHA, except that a cumulative change in ownership interest of any general partner of forty-nine percent (49%) or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding paragraphs (1) and (2), above, "Transfer" shall not include a Permitted Transfer to the extent permitted under the AHA or the conveyance of a security interest to the beneficiary of a deed of trust securing a loan approved by the Beneficiary to be prior in right to the Authority Loan, or the conveyance of title to the Property or Project in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such senior loan;

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale,

either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Promissory Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied and after the expiration of the term of the Agreement Containing Covenants, and upon surrender of this Deed of Trust and the Promissory Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Promissory Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust.

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of carry back financing of the purchase of the Property by Trustor from Beneficiary.

30. Trustor agrees that upon sale or refinancing of the Project and/or Property or any interest therein the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable.

31. The obligation to repay the Authority Loan is a nonrecourse obligation of the Trustor and its partners. Neither Trustor nor any of its general or limited partners, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the Authority Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party:

(a) all damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any general partner of Trustor, or of any member of a general partner of Trustor;

(b) all damages, costs and expenses incurred by Beneficiary as a result of misappropriation of funds provided for the construction of the Project, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding

Hazardous Materials pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary shall pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in such enforcement or collection action).

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by any of the following force majeure events, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor: War; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any governmental authority (except acts or failure to act of the Beneficiary in its capacity as lender shall not excuse performance by the Beneficiary); the imposition of any applicable moratorium by a governmental authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a force majeure event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

33. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

34. (a) Subject to the extensions of time set forth in Section 32, and subject to the further provisions of this Section 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem

necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(f) Except as otherwise required to comply with the provisions of California Civil Code Section 2924 *et seq*. that are applicable thereto, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

35. In the event of a default or breach by Trustor of a security instrument securing a deed of trust securing any loan from any Senior Lender, if any, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of all such disbursements shall be a lien against the Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 11

ASSIGNMENT OF AGREEMENTS

[behind this page]

ASSIGNMENT OF AGREEMENTS, PLANS, SPECIFICATIONS AND ENTITLEMENTS (Agreement No. A-8908)

FOR VALUE RECEIVED, the undersigned, ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), pursuant to that certain Affordable Housing Agreement between Owner and THE HOUSING AUTHORITY OF THE CITY OF PALMDALE ("**Authority**") dated as of _____, 2024, as it may be amended or modified from time to time ("**AHA**"), hereby assigns to the Authority all of Owner's rights and interest, but not its obligations, in, under and to the following, as they relate to the Project (defined in the AHA), as of _____, 2024 ("**Effective Date**"):

1. All architectural, design, engineering, or development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, "**Architectural or Engineering Agreements**") heretofore or hereafter entered into or prepared by any Architect/Engineer, engineer or other person or entity (collectively "**Architect/Engineer(s)**"), for or on behalf of Owner in connection with the development of the Project;

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "**Plans and Specifications**") heretofore or hereafter prepared by any architect, engineer or other person or entity (collectively "**Architect/Engineer(s)**"), for or on behalf of Owner in connection with the construction and rehabilitation of the Project; and

3. All governmental permits, approvals and entitlements (collectively "**Entitlements**") relating to the development and operation of the Project heretofore or hereafter granted by the City of Palmdale or any other governmental authority having jurisdiction over the Property (as defined in the AHA).

The Architectural or Engineering Agreements, Plans and Specifications and Entitlements consist of those which Owner has heretofore entered into, received or obtained and shall include but not be limited to those described in the Schedule of Architectural and Engineering Agreements, Plans and Specifications and Entitlements attached to this Assignment as Exhibit A.

This ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS AND ENTITLEMENTS ("**Assignment**") constitutes a present and absolute assignment to Authority as of the Effective Date. Owner represents and warrants to Authority, as of the Effective Date, that, to the actual knowledge of Owner: (a) all Architectural or Engineering Agreements entered into by Owner are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural or Engineering Agreements; (b) all copies of the Architectural or Engineering Agreements and Plans and Specifications delivered to Authority are complete and correct copies; and (c) Owner has not assigned any of its rights under the Architectural and Engineering Agreements or with respect to the Plans and Specifications, except as previously disclosed in writing and approved by Authority.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Owner consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of Owner and Authority.

The attached Consent, Schedule 1, and Exhibit A are incorporated by reference.

"OWNER"

ADVANCINGCOMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____

Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

CONSENT

[TO BE ADDED FOR EACH ARCHITECT, LANDSCAPE ARCHITECT AND ENGINEER PREPARING PLANS FOR THE PROJECT]

The undersigned Architect/Engineer ("**Architect**" or "**Engineer**" as the case may be) hereby consents to the foregoing Assignment to which this Consent ("**Consent**") is part, and acknowledges that there presently exists no unpaid claims due to the Architect/Engineer except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Owner and/or the performance of the Architect/Engineer's obligations under the Assignment.

Architect/Engineer agrees that if Authority shall become the owner of said Property and elects to undertake or the construction of the Project on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect/Engineer written notice of such election; THEN, so long as Architect/Engineer has received, receives or continues to receive the compensation called for under the Architectural or Engineering Agreements, Authority may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect/Engineer will continue to perform its obligations under the Architectural or Engineering Agreements for the benefit and account of Authority in the same manner as if performed for the benefit or account of Owner in the absence of the Assignment.

Architect/Engineer warrants and represents that they have no knowledge of any prior assignment(s) of any interest in either the Plans and Specifications and/or the Architectural or Engineering Agreements except to the City of Palmdale on or about the date hereof. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Executed on _____, 2024.

ARCHITECT/ENGINEER:

By: _____

Architect/Engineer's Address: _____
_____
_____

Authority's Address:

THE HOUSING AUTHORITY
OF THE CITY OF PALMDALE
Attn: Executive Director
38250 Sierra Highway
Palmdale, California 93550

SCHEDULE 1 TO ASSIGNMENT
SCHEDULE OF UNPAID CLAIMS

Schedule 1 to Assignment of Agreements, Plans and Specifications and Entitlements dated as of _____ _____, 2024 by and between ADVANCING COMMUNITIES TOGETHER as "Owner", and THE HOUSING AUTHORITY OF THE CITY OF PALMDALE, as "Authority".

EXHIBIT A

LIST OF ARCHITECTURAL OR ENGINEERING AGREEMENTS, PLANS AND SPECIFICATIONS AND ENTITLEMENTS

[to be inserted]

ATTACHMENT NO. 12

ENVIRONMENTAL INDEMNITY

[behind this page]

ENVIRONMENTAL INDEMNITY BY ADVANCING COMMUNITIES TOGETHER IN FAVOR OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE (A-8908)

THIS ENVIRONMENTAL INDEMNITY ("**Indemnity**"), dated as of _____, 2024, is made by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Borrower**"), whose address for purposes of giving notice is 38626 9th Street East, Palmdale, California, 93550, in favor of THE HOUSING AUTHORITY OF THE CITY OF PALMDALE (the "**Authority**"), whose address for purposes of giving notice is 38250 Sierra Highway, Palmdale, California 93550.

WITNESSETH

WHEREAS, Borrower is the owner of the real property in the City of Palmdale described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon (collectively referred to as the "**Property**");

WHEREAS, Borrower and the Authority entered into an Affordable Housing Agreement, dated as of _____, 2024, as it may be amended from time to time ("**AHA**"), pursuant to which Authority agreed to convey the Property to Borrower and make a carry back loan to Borrower for the Purchase Price of the Property (the "**Loan**") (the AHA and the documents and instruments referred to therein which are being executed by Borrower concurrently herewith are referred to collectively as the "**Authority Documents**"); and

WHEREAS, Borrower has agreed to execute and deliver to Authority this Indemnity to induce Authority to make the Loan and convey the Property to the Borrower.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees with Authority as follows:

1. DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" or "**Hazardous Substances**" shall include, but not be limited to, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.*; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws.

Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the AHA with the same force and effect as if set forth in full below.

2. COVENANTS AND INDEMNITY

The following covenants, and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Borrower covenants that the Property shall not be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower shall not release or dispose of any Hazardous Materials at the Property without the express written approval of Authority and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by Authority.

(d) Authority shall have the right, at any time, to conduct an environmental audit of the Property at Authority's expense, unless Hazardous Materials are found, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give Authority and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, Authority may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Borrower under this Section 2.

(f) Borrower shall immediately advise Authority in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Borrower with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower shall indemnify, protect, and hold Authority and its employees, officers, agents and consultants harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against Authority or its employees, officers, agents and consultants, or any of them, and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by Authority or its employees, officers, agents and consultants, or any of them, of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder.

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations shall be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the Authority Documents or affecting any of the rights of Authority with respect thereto. The obligations of Borrower hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the Authority Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination, or cancellation of any of the Authority Documents, or any change in the time, manner, or place of payment or performance of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the Authority Documents;

(c) Any extension of the maturity of the Loan or any waiver of, or consent to any departure from, any provision contained in any of the Authority Documents;

(d) Any exculpatory provision in any of the Authority Documents limiting Authority's recourse to property encumbered by the Deed of Trust securing the Loan, or to any other security, or limiting Authority's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the Loan;

(f) The insolvency or bankruptcy of Borrower, Borrower, or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower, Borrower, or any other indemnitor or guarantor with respect to the Loan or any or all of the Obligations.

3.2 Continuation. This Indemnity (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Loan or the release or other extinguishment of the Authority Deed of Trust securing the Borrower's obligations under the Authority Documents; and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by Authority upon the insolvency, bankruptcy, or reorganization of Borrower, Borrower or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the Authority Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) Authority has at any time or in any manner substantially participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations,

notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

4. WAIVER

Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;

(c) Notice of any action taken by Authority, Borrower, or any other interested party under any Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that Authority protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that Authority exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of Authority to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by Authority, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of Borrower or any other right of Borrower to proceed against Borrower.

5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served or mailed by first-class certified mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, of the party to whom such notice is to be given (or to such other address as the parties hereto shall designate in writing). Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service) shall be deemed received on the documented date of receipt; and any notice that is sent by first-class certified mail, return receipt requested shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to Authority at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Borrower and Authority, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is in writing and signed by Authority, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of Authority to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Authority provided herein and in the other Authority Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Authority under any Loan Document against any party thereto are not conditional or contingent on any attempt by Authority to exercise any of its rights under any other Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Borrower, and Borrower's successors and assigns; and (b) inure, together with all rights and remedies of Authority hereunder, to the benefit of Authority, their respective directors, officers, employees, and agents, any successors to Authority's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of Authority's rights and remedies under the Authority Documents, any successors to any such person, and all directors, officers, employees,

and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, Authority may, subject to, and in accordance with, the provisions of the Authority Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to Authority herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of Authority.

6.6 Borrower hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 Except to the extent that the laws of the United States preempt the laws of the State of California, this Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein, without reference to the legal principles governing conflicts of law.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____
Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 13

ASSIGNMENT OF RENTS

[behind this page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

HOUSING AUTHORITY
OF THE CITY OF PALMDALE
38250 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8908

ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT OF RENTS AND LEASES ("**Assignment**") is made as of_____ _____, 2024 by ADVANCING COMMUNITIES TOGETHER, a California nonprofit public benefit corporation ("**Owner**"), in favor of the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body, corporate and politic, its successors, and assigns (collectively, the "**Authority**").

RECITALS

A. Owner is the owner of a fee interest in and to the real property described in Exhibit A attached hereto, and the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. Authority has agreed to convey the Premises to Owner pursuant to the terms of that certain Affordable Housing Agreement by and between the Authority and Owner dated _____, 2024, as it may be amended or modified from time to time (the "**AHA**"). In accordance with the AHA, the Owner agreed to record against the Premises that certain Agreement Containing Covenants dated on or about the date hereof by and between the Owner and the Authority. The performance obligations by the Owner under the AHA, including the Agreement Containing Covenants and the Authority Note (collectively, the "**Secured Obligations**") are secured by that certain Deed of Trust, Security Agreement and Fixture Filing, of even date herewith, executed by Owner, as Trustor, for the benefit of Authority, as Beneficiary (the "**Deed of Trust**").

C. In order to induce Authority to convey the Premises to Owner, Owner has agreed to execute this Assignment.

NOW, THEREFORE, with reference to the foregoing and in reliance thereon and for good

and valuable consideration, the receipt of which is hereby acknowledged, Owner agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the AHA.

2. Subject to the prior rights, if any, of a lender whose lien is senior to the Deed of Trust held by Assignee ("**Senior Lender**"), Owner hereby absolutely grants, sells, assigns, transfers, and sets over to Authority, by this Assignment, all of Owner's interests, whether now existing or hereafter acquired, in all leases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants ("**Lessees**") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the "**Leases**" and individually as a "**Lease**".)

3. Owner's purpose in making this Assignment is to relinquish to Authority its right to collect and enjoy the rents, royalties, issues, profits, income, and other benefits at any time accruing by virtue of the Leases (hereinafter called "**Rents and Profits**").

4. The parties intend that this Assignment shall be a present, absolute and unconditional assignment, and shall, immediately upon execution, give the Authority the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the obligations under the Secured Obligations, as well as all other sums payable under the Deed of Trust or any other instrument given as security for the Secured Obligations. However, the Authority hereby grants to Owner a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Leases, so long as there is no default by Owner in performance of the terms, covenants, or provisions of the Deed of Trust, the AHA, the Authority Note, the Agreement Containing Covenants, or this Assignment, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by Authority or by a receiver, shall be construed to make Authority a "mortgagee in possession" of the Premises so long as Authority has not entered into actual possession of the Premises.

5. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, this Assignment shall constitute a direction and full authority to each Lessee under any Lease and each guarantor of any Lease to pay all Rents and Profits to Authority without proof of the default relied upon. Owner hereby irrevocably authorizes each Lessee and guarantor to rely upon and comply with any notice or demand by Authority for the payment to Authority of any Rents and Profits due or to become due.

6. Owner represents and warrants as to each Lease now or hereafter covering all or

any portion of the Premises, unless Authority has been otherwise advised in writing by Owner:

a. That each Lease is in full force and effect;

b. That no material default exists on the part of the Lessee thereunder or Owner;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Lease or any interest therein has been previously assigned or pledged, except to the extent required by the maker of a Senior Loan;

e. That no Lessee under any Lease has any defense, setoff or counterclaim against Owner; and

f. That all rent due to date under each Lease has been collected and no concession has been granted to any Lessee in the form of a waiver, release, reduction, discount, or other alteration of rent due or to become due except as previously disclosed to Owner in writing.

7. Owner agrees with respect to each Lease:

a. If any Lease provides for a security deposit paid by the Lessee to Owner, and subject to the prior rights, if any, of a Senior Lender, this Assignment, subject to any prior assignment to any Senior Lender, transfers to Authority all of Owner's right, title, and interest in and to each such security deposit; provided, however, that Owner shall have the right to retain said security deposit so long as Owner is not in default, after the expiration of any applicable notice and cure periods, under this Assignment, the Deed of Trust, or the Secured Obligations; and provided further that Authority shall have no obligation to the Lessee with respect to such security deposit unless and until Authority comes into actual possession and control of said security deposit.

b. If any Lease provides for the abatement of rent during repair of the leased premises by reason of fire or other casualty, Owner shall furnish rental insurance to Authority, the policies to be with companies and in form, content, policy limits, and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Lease shall remain in full force and effect despite any merger of the interest of Owner and any Lessee thereunder. Owner shall not terminate any Lease (except pursuant to the terms of the Lease upon a default by any Lessee thereunder), or materially modify or amend any Lease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Authority, which consent shall not be unreasonably withheld.

d. Owner shall not hereafter execute any Lease, the terms and conditions of which have not been previously approved in writing by Authority, which approval shall not be unreasonably withheld or delayed.

e. Owner shall not collect any Rents and Profits more than thirty (30) days in

advance of the date on which they become due under the terms of any Lease.

f. Owner shall not discount any future accruing Rents and Profits.

g. Owner shall not consent to any assignment of any Lease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of Authority.

h. Owner shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law, except to any Senior Lender.

i. Owner shall not request, consent to, agree to, or accept a subordination of any Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Premises or any part thereof, or suffer or permit conversion of any Lease to a sublease, without Authority's prior written consent.

j. Owner shall faithfully perform and discharge all obligations of the lessor under each Lease, and shall give prompt written notice to Authority of any notice of Owner's default received from any Lessee or any other person and furnish Authority with a complete copy of said notice. Owner shall appear in and defend, at no cost to Authority, any action or proceeding arising under or in any manner connected with any Lease. If requested by Authority, Owner shall enforce each Lease and all remedies available to Owner against the Lessee in the case of default under the Lease by the Lessee.

k. Any Lease of a part of the Premises shall, upon written notice from Authority to Owner, be deemed included in this Assignment as though originally listed herein.

l. At Authority's option, Owner shall not hire, retain, or contract with any third party for property management services with respect to the Premises, without the prior written approval of Authority of such party and the terms of its contract for management services.

m. Nothing herein shall be construed to impose any liability or obligation on Authority under or with respect to any Lease. Owner shall indemnify, defend, and hold Authority, City of Palmdale, and their respective officers, directors, agents, employees, and representatives (collectively, the "**Indemnitees**" and individually an "**Indemnitee**") harmless from and against any and all liabilities, losses, and damages that any Indemnitee may incur under any Lease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Authority under any Lease or this Assignment, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss, or damage under any Lease or by reason of this Assignment and such liability, loss, or damage falls within the foregoing indemnification, Owner shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees) and court costs incurred by such Indemnitee.

All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Authority may be applied by Authority, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense, or fees.

8. Owner hereby grants to Authority the following rights, subject to any prior assignment to any Senior Lender:

a. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, Authority shall be deemed to be the creditor of each Lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership, or other debtor relief proceedings affecting such Lessee, without obligation on the part of Authority, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Authority shall have the right to assign Owner's right, title, and interest in the Leases to any subsequent holder of the Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent Authority shall have all the rights and powers herein provided to Authority.

c. Authority shall have the right (but not the obligation), upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, to take any action as Authority may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of the lessor under any Lease; and Owner agrees to pay, on demand, all costs and expenses, including without limitation reasonable attorneys' fees and court costs incurred by Authority in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum.

d. Upon the occurrence of any default under the terms and conditions of this Assignment, the Deed of Trust, or the Secured Obligations, after the expiration of any applicable notice and cure periods, and without notice to or consent of Owner, Authority shall have the following rights (none of which shall be construed to be obligations of Authority):

e. Authority shall have the right under this Assignment to use and possess, without rental or charge, the fixtures, equipment, and personal property of the Owner located in or on the Premises and used in the operation or occupancy thereof. Authority shall have the right to apply any of the Rents and Profits to pay installments due for personal property rented or purchased on credit, insurance premiums on personal property, or other charges relating to personal property in or on the Premises. However, this Assignment shall not make Authority responsible for the control, care, management, or repair of the Premises or any personal property or for the carrying out of any of the terms or provisions of any Lease.

f. Authority shall have the right to apply the Rents and Profits and any sums recovered by Authority hereunder to the outstanding obligations under the Secured Obligations,

as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

g. Authority shall have the right to take possession of the Premises, manage and operate the Premises and Owner's business thereon, and to take possession of and use all books of account and financial records of Owner and its property managers or representatives relating to the Premises.

h. Authority shall have the right to execute new Leases of any part of the Premises, including Leases that extend beyond the term of the Deed of Trust.

i. Authority shall have the right to cancel or alter any existing Leases.

ii. Authority shall have the irrevocable authority, as Owner's attorney-in-fact, such authority being coupled with an interest, to sign the name of Owner and to bind Owner on all papers and documents relating to the operation, leasing and maintenance of the Premises.

i. All of the foregoing rights and remedies of Authority are cumulative, and Authority shall also have upon the occurrence of any such default all other rights and remedies provided under this Assignment, the Secured Obligations, the Deed of Trust, or other agreement between Owner and Authority, or otherwise available at law or in equity or by statute. Failure of Authority to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

9. Notwithstanding any future modification of the terms of the Deed of Trust, the Secured Obligations, or this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Authority in accordance with the terms of this Assignment.

10. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors, and assigns of the parties hereto (including without limitation in the case of Authority, any third parties now or hereafter acquiring any interest in the Secured Obligations or other obligations of Owner under the Deed of Trust or a part thereof, whether by virtue of assignment, participation, or otherwise). The words Owner, Authority, and Lessee, wherever used herein, shall include the persons and entities named herein or in any Lease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Authority or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, shall be sufficient for all purposes notwithstanding that Authority may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine, or neuter gender, as may fit the case.

11. Any change, amendment, modification, abridgment, cancellation, or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Authority.

12. Upon satisfaction of the obligations secured hereby and Deed of Trust, as evidenced by a recorded satisfaction or release of the Deed of Trust, this Assignment shall be void and of no further effect.

13. All notices, demands, approvals, and other communications provided for in this Assignment shall be in writing and be delivered by personal delivery or certified U.S. mail with return receipt requested to the appropriate party at its address as follows:

If to Owner: Advancing Communities Together
38626 9th Street East
Palmdale, California 93550

If to Authority: Housing Authority of the City of Palmdale
38250 Sierra Highway
Palmdale, California 93550
Attn: Executive Director

Addresses for notice may be changed from time to time by written notice to all other parties. Any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service) shall be deemed received on the documented date of receipt; and any notice that is sent by first-class certified mail, return receipt requested shall be deemed received on the date of receipt thereof.

14. This Assignment shall be recorded in the Official Records of Los Angeles County, California, and Owner shall pay all fees, charges, costs, and expenses of such recording.

15. If any provision hereof is determined to be illegal or unenforceable for any reason, the remaining provisions hereof shall not be affected thereby.

16. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

17. If Authority should bring any action to enforce its rights hereunder at law or at equity, Owner shall reimburse Authority for all attorneys' fees and costs expended in connection therewith.

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

"BORROWER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By:_____

Rossie D. Cherry
Chief Executive Officer

By:_____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904

ATTACHMENT NO. 14

NOTICE OF RESTRICTIONS

[behind this page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Recording Requested by
And When Recorded Mail to:

HOUSING AUTHORITY
OF THE CITY OF PALMDALE
38250 Sierra Highway
Palmdale, California 93550

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN 3008-010-904 Agreement No. A-8908

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

NOTICE IS HEREBY GIVEN that pursuant to Health and Safety Code Section 33334.3(f)(3), the HOUSING AUTHORITY OF THE CITY OF PALMDALE, a public body corporate and politic ("**Authority**"), is recording this Notice of Affordability Restrictions on Transfer of Property (hereinafter the "**Notice**") with regard to the property located at 38626 9th Street East, Palmdale, California, APN: 3008-010-904, as more particularly described in Exhibit A attached hereto (the "**Property**"). The current owner of the Property is ADVANCING COMMUNITIES TOGETHER, a California non-profit public benefit corporation ("**Owner**").

The Property is subject to that certain Affordable Housing Agreement by and between Authority and Owner dated as of _____, 2024, as it may be amended or modified from time to time (the "**AHA**"), and that certain Agreement Containing Covenants (Including Rental Restrictions) by and between the Authority and Owner recorded on or about even date herewith, as it may be amended or modified from time to time (the "**Covenants**"), which restrict the use of the Property as follows:

- The Property shall be acquired and used as an affordable residential rental development, consisting of a duplex rental apartment with two (2) two-story

units (3 bedrooms/ 2 bath per unit) (the "**Affordable Units**") available to and occupied exclusively by Low Income households at Affordable Rent. No change in the use of the Property shall be permitted without the prior written approval of Authority.

- The maximum incomes of residential tenants eligible to rent the Affordable Units shall be determined on the basis of the area median income (the "**AMI**") for Los Angeles County, as determined by the United States Department of Housing and Urban Development and published from time to time by the California Department of Housing and Community Development ("**HCD**"). For purposes of the Covenants, the term "**Low Income**" shall mean an individual or household with a household income equal to or less than sixty percent (60%) of the then current Area Median Income, adjusted for family size appropriate for the unit.

- For purposes of the Covenants, the term "**Affordable Rent**" shall mean the maximum monthly rent (including a reasonable utility allowance) that may be charged to tenants of the Affordable Units calculated as follows: 1/12 times the product of thirty percent (30%) times sixty percent (60%) of the AMI, adjusted for family size appropriate for the unit.

The affordability restrictions imposed on the Property by the Covenants are scheduled to expire not less than fifty-five (55) years from the date of recordation of the Covenants.

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This Notice is recorded for the purpose of providing notice only and it in no way modifies the provisions of the AHA or Covenants.

"**AUTHORITY**"

THE HOUSING AUTHORITY OF THE CITY OF PALMDALE

By: _____
Ronda Perez
Executive Director

ATTEST:

By: _____
Roxanne Faber
Authority Secretary

APPROVED AS TO FORM:

By: _____
William P. Curley, III
Authority Counsel

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
Authority Special Counsel

CONSENT TO RECORDATION

The undersigned, owner of the real property legally described in Exhibit A hereto, hereby consents to the recordation of the foregoing Notice of Affordability Restrictions on Transfer of Property against said real property.

"OWNER"

ADVANCING COMMUNITIES TOGETHER,
a California nonprofit public benefit corporation

By: _____
Rossie D. Cherry
Chief Executive Officer

By: _____
Olivia Cherry
Executive Director

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE PARCEL OF LAND IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN AS LOT 20 15 OF TRACT NO. 15912 RECORDED IN BOOK 426 PAGES 13 AND 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

Assessor's Parcel No: 3008-010-904