



**City Council and Successor Agency
to the Brea Redevelopment
Agency Agenda**

Study Session - 6:30 p.m.
General Session - 7:00 p.m.

Zoom/Teleconference
TownePlace Suites 3920 E. Highway 66
Gallup, New Mexico 87301

Tuesday, May 21, 2024, 7:00 PM
COUNCIL CHAMBERS
1 Civic Center Circle
Brea, California 92821

**** Revised ****

Christine Marick, Mayor

Blair Stewart, Mayor Pro Tem

Cecilia Hupp, Council Member

Marty Simonoff, Council Member

Steven Vargas, Council Member

This agenda contains a brief general description of each item Council will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 990-7756 or view the Agenda and related materials on the City's website at www.cityofbrea.net. Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

Procedures for Addressing the Council

The Council encourages interested people to address this legislative body by making a brief presentation on a public hearing item when the Mayor calls the item or address other items under Matters from the Audience. State law generally prohibits the City Council from responding to or acting upon matters not listed on this agenda.

The Council encourages free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Council rules prohibit clapping, booing or shouts of approval or disagreement from the audience. Please silence all cell phones and other electronic equipment while the Council is in session. Thank you.

Written comments may be submitted in advance of the meeting by emailing cityclerksgroup@cityofbrea.net. Written comments received by 3 p.m. on the day of the meeting will be provided to the Council, will be made available to the public at the meeting, and will be included in the official record of the meeting.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

Important Notice

The City of Brea shows both live broadcasts and replays of City Council Meetings on Brea Cable Channel 3 and over the Internet at www.cityofbrea.net. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

1: STUDY SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR - 6:30 P.M.

- 1A. Call to Order/Roll Call
- 1B. Public Comment
- 1C. Clarify Regular Meeting Topics
- 1D. Wildland Urban Interface Presentation
- 1E. Council Member Reports/Requests

2: GENERAL SESSION - COUNCIL CHAMBERS PLAZA LEVEL - 7:00 P.M.

- 2A. Call to Order/Roll Call
- 2B. Pledge of Allegiance: Brea Girl Scouts
- 2C. Invocation: Pastor Dan Crane, Formation Church
- 2D. Presentation - Brea Students Trip to Sister City of Anseong Gyeonggi-do Republic of Korea and Friendship City of Namyangju, Gyeonggi-do Republic of Korea
- 2E. Proclamation - National Public Works Week
- 2F. Presentation - Cal Domestic Annual Update
- 2G. Report - Prior Study Session
- 2H. Community Announcements
- 2I. Matters from the Audience
- 2J. Response to Public Inquiries

3: PUBLIC HEARING

This portion of the meeting is for matters that legally require an opportunity for public input. Audience participation is encouraged and is limited to 5 minutes per speaker.

- 3A. Conduit Financing for the Rancho Brea Project
 - 1. Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended (the “Code”), in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$166,000,000, (the “Bonds”), to (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority’s outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the “2014A Bonds”), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the “2014B Bonds” and, together with the 2014A Bonds, the “2014 Bonds”), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the “Project”)
 - 2. Adopt Resolution No. 2024-032 approving the issuance of the Bonds by the CMFA for the benefit of Caritas Affordable Housing, Inc. (the “Corporation” and, together with the LLCs, the “Borrowers”), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

3B. Disposition, Development, and Loan Agreement, and Ground Lease for a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard

- 1. Approve a Disposition, Development, and Loan Agreement ("DDLA") (Attachment A) regarding 323 North Brea Boulevard, which includes the terms and conditions for a 99-year ground lease to JHC-Acquisitions LLC ("Jamboree");
- 2. Authorize the City Manager and City Clerk to execute the DDLA;
- 3. Authorize the City Manager and City Attorney to administratively make non-monetary revisions to the DDLA and related documents as necessary or appropriate; and
- 4. Adopt a Resolution approving the DDLA (and its exhibits) and making findings California Health and Safety Code Section 33433 (Attachment B).

4: CONSENT CALENDAR

The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."

4A. May 7, 2024 City Council Regular Meeting Minutes

- 1. Approve.

4B. Accept a one-time \$100,000 Community Development Block Grant under the Coronavirus Aid, Relief and Economic Security (CARES) Act for ADA Improvements at the Arovista Park Upper Parking Lot

- 1. Accept a one-time grant for the Community Development Block Grant (CDBG) Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, H.R. 748. with the County of Orange in the amount of \$100,000 for ADA improvements at the Arovista Park Upper Parking Lot Project (CIP 7948).
- 2. Adopt Resolution No. 2024-033 authorizing the Mayor or his/her designee to execute, for an on behalf of the City of Brea, the necessary agreement(s) and/or any other documents or actions required by the grant.

4C. November 5, 2024 General Municipal Election Authorization and Consolidation Request

- 1. Adopt Resolution No. 2024-034 calling and giving notice of the holding of a General Municipal Election on Tuesday, November 5, 2024 for the election of certain officers as required by provisions of the laws of the State of California relating to General Law cities; and
- 2. Adopt Resolution No. 2024-035 requesting the Board of Supervisors of the County of Orange to consolidate a General Municipal Election held on Tuesday, November 5, 2024 with the Statewide General Election to be held on that date pursuant to Section 10403 of the California Elections Code. Funding for the 2024 General Municipal Election has been allocated into the Fiscal Year 2024-2025 adopted budget. There is no fiscal impact on the General Fund.

4D. Personnel Budgeting Software Purchase

- 1. Authorize the City Manager or designee to approve the Software as a Service Agreement between the City of Brea and ClearGov, Inc. for a Personnel Budgeting software solution in the amount of \$127,141 for a five-year term.

4E. Second Reading and Adoption of Ordinance No. 1250, An Ordinance of the City Council of the Brea Amending the Brea City Code by Adopting Zoning Ordinance Text Amendment (ZOTA) No. 2023-03 and approving a CEQA Exemption Determination

- 1. Waive full reading and adopt Ordinance No. 1250 titled "An Ordinance of the City Council of the City of Brea Amending the Brea City Code by Adopting Zoning Ordinance Text Amendment No. 2023-03 and approving a CEQA Exemption Determination" ; and
- 2. Approve a California Environmental Quality Act (CEQA) Exemption Determination

- 4F. Amended Contract with Emergency Ambulance Services Inc, for Emergency Ambulance Transport
- 1. Approve the First Amendment to limit EAS’ scope of service to performance of ambulance transport services in an amount not to exceed \$993,165.12 until January 18, 2025 unless earlier terminated as provided in the Agreement; and
 - 2. Amend the City’s Fiscal Year 2023-25 Operating Budget to appropriate \$993,165.12 from the City’s Paramedic Services Fund (174) for Ambulance Transport Services and appropriate \$993,165.12 in revenues for ambulance billing services. the ambulance transport billing revenue will offset the cost of this agreement and will be accounted for in the City’s Paramedic Services Fund (174).
- 4G. Adoption of a new job description and salary table for Ambulance Operator, amend the position allocation list for FY 2024/25 to reflect the changes and place the classification in the Part-Time Employment and Benefits Policy, adopt compensation and benefits plan for full-time equivalent position.
- 1. Adoption Resolution No. 2024-036 of a new job description and salary table for Ambulance Operator; and
 - 2. Amend the position allocation list for FY 2024/25 to reflect the changes and place the classification in the Part-Time Employment and Benefits Policy; and
 - 3. Adopt Resolution No. 2024-037 compensation and benefits plan for full-time equivalent position.
- 4H. Monthly Report of Investments for the City of Brea for Period Ended April 30, 2024
- 1. Receive and file.
- 4I. May 3 and 10, 2024 City Disbursement Registers
- 1. Receive and file.

5: CITY/SUCCESSOR AGENCY - CONSENT

- 5A. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ended April 30, 2024
- 1. Receive and file.

6: ADMINISTRATIVE ANNOUNCEMENTS

- 6A. City Manager
- 6B. City Attorney
- 6C. Council Requests

7: COUNCIL ANNOUNCEMENTS

- 7A. Council Announcements

8: ADJOURNMENT

- 8A. Meeting Adjournment



City of Brea

City Council Regular Meeting Communication

Wildland Urban Interface Presentation

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	STUDY SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR Item: - 6:30 P.M. 1D
FROM	
Lisa Keyworth, Emergency Preparedness Coordinator	

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Lisa Keyworth, Emergency Preparedness Coordinator

Concurrence: Mark Terrill, Fire Chief

Attachments

[WUI Presentation for Council.pdf](#)

Wildland Urban Interface

- Carbon Canyon Fire Safe Council: Fire Chief Mark Terrill
- SOLAR: Deputy Fire Chief Dan Mielke
- Hazard Mitigation Plan: Emergency Preparedness Coordinator Lisa Keyworth

Carbon Canyon Fire Safe Council



- **Purpose:**
 - Established in 2001 as a 501c(3) in an effort to educate and encourage Carbon Canyon residents to prepare for wildfires in their community.
- **Priorities- Community Risk Reduction through:**
 - **Education**
 - Informational guides on their website www.carboncanyonfsc.org
 - **Outreach**
 - Newsletters, meetings every first Wednesday of the month
 - **Community Interaction**
 - Trunk-or-Treat, door to door
 - **Community Wildfire Preparedness Plan**



Community Wildfire Preparedness Plan

- **Plan Includes:**

- Demographics
- History of Fire Activity
- Hazard Risk Assessment
- Priorities
- Projects/Goals
 - Past and future with outcomes



SOLAR

Who?

What?

When?

Where?

Why?



Who?

San Bernardino
Orange
Los
Angeles
Riverside



SOLAR BOOK

EDITION 2022

Orange County Fire Authority

With Participation from the Cooperating Agencies:

City of Corona Fire Department

Orange City Fire Department

CAL FIRE/ Riverside County Fire Department

CAL FIRE San Bernardino Unit

City of Brea Fire Department

Los Angeles County Fire Department

City of Anaheim Fire & Recue

Chino Valley Fire Protection District

United States Forest Service

Disclaimer: GIS Data for this project has been provided by the departments listed above. The level of accuracy and context that has been provided is the sole responsibility of the contributing agency. This guide is intended to be reviewed and updated annually.

Guide Design and Maps By: Mshale Richards & Orange County Fire Authority GIS 2022

What?

The Concept



Partnership with surrounding agencies.

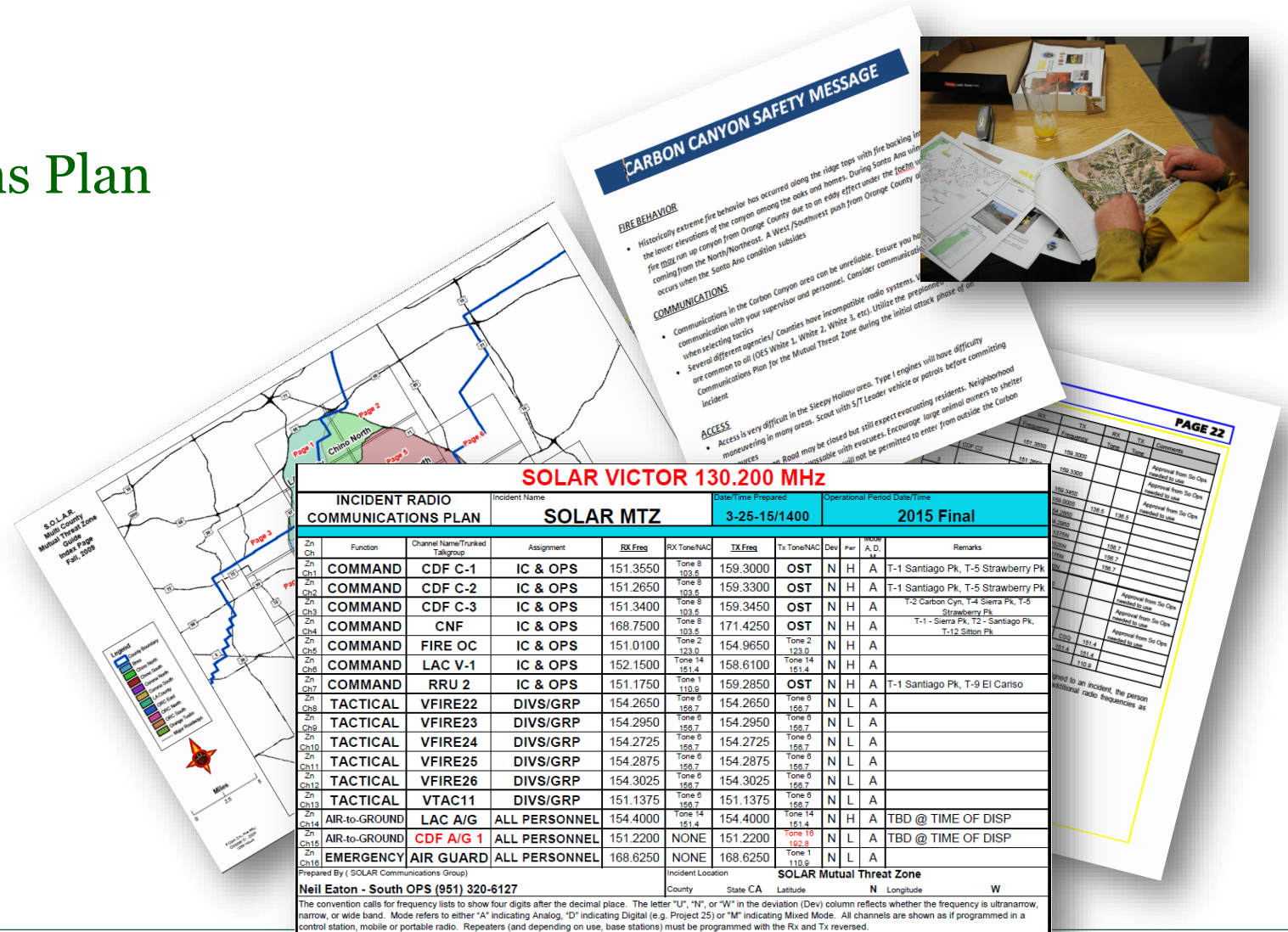
Agreement:

- To all communicate on the same frequencies
- One central place to order resources
- Pre-set Operating Plan
- We all train together quarterly



Elements of the SOLAR Plan

- Pre-Flighted Communications Plan
- Predetermined Dispatch Procedures
- Common Maps with Predetermined Facilities
- Zone Reference Page – Fire Behavior, Structure, Access
- Safety Information



CARBON CANYON SAFETY MESSAGE

FIRE BEHAVIOR

- Historically extreme fire behavior has occurred along the ridge tops with fire backing to the lower elevations of the canyon among the oaks and homes. During Santa Ana wind fire may run up canyon from Orange County due to an eddy effect under the foothills coming from the North/Northeast. A West/Southwest push from Orange County occurs when the Santa Ana condition subsides.

COMMUNICATIONS

- Communications in the Carbon Canyon area can be unreliable. Ensure you have communication with your supervisor and personnel. Consider communication when selecting tactics.
- Several different agencies/ Counties have incompatible radio systems. V are common to all (SES White 1, White 2, White 3, etc). Utilize the preplanned Communications Plan for the Mutual Threat Zone during the initial attack phase of an incident.

ACCESS

- Access is very difficult in the Steeple Hollow area. Type I engines will have difficulty maneuvering in many areas. Scout with 5/1 Leader vehicle or patrols before committing resources. Road may be closed but still expect evacuating residents. Neighborhood accessible with evacuees. Encourage large animal owners to shelter animals. Road will not be permitted to enter from outside the Carbon Canyon area.

SOLAR VICTOR 130.200 MHz

INCIDENT RADIO COMMUNICATIONS PLAN		Incident Name		Date/Time Prepared		Operational Period Date/Time						
SOLAR MTZ		3-25-15/1400		2015 Final								
Zn	Ch	Function	Channel Name/Trunked Talkgroup	Assignment	RX Freq	RX Tone/NAC	TX Freq	TX Tone/NAC	Dev	Mod	Remarks	
Zn	Ch1	COMMAND	CDF C-1	IC & OPS	151.3550	Tone 8 103.6	159.3000	OST	N	H	A	T-1 Santiago Pk, T-5 Strawberry Pk
Zn	Ch2	COMMAND	CDF C-2	IC & OPS	151.2650	Tone 8 103.6	159.3300	OST	N	H	A	T-1 Santiago Pk, T-5 Strawberry Pk
Zn	Ch3	COMMAND	CDF C-3	IC & OPS	151.3400	Tone 8 103.6	159.3450	OST	N	H	A	T-2 Carbon Cyn, T-4 Sierra Pk, T-5 Strawberry Pk
Zn	Ch4	COMMAND	CNF	IC & OPS	168.7500	Tone 8 103.6	171.4250	OST	N	H	A	T-1 - Sierra Pk, T-2 - Santiago Pk, T-12 Sitten Pk
Zn	Ch5	COMMAND	FIRE OC	IC & OPS	151.0100	Tone 2 123.0	154.9650	Tone 2	N	H	A	
Zn	Ch6	COMMAND	LAC V-1	IC & OPS	152.1500	Tone 1 110.9	158.6100	151.4	N	H	A	
Zn	Ch7	COMMAND	RRTU 2	IC & OPS	151.1750	Tone 1 110.9	159.2850	OST	N	H	A	T-1 Santiago Pk, T-9 El Cariso
Zn	Ch8	TACTICAL	VFIRE22	DIVS/GRP	154.2650	Tone 6 156.7	154.2650	Tone 6 156.7	N	L	A	
Zn	Ch9	TACTICAL	VFIRE23	DIVS/GRP	154.2950	Tone 6 156.7	154.2950	Tone 6 156.7	N	L	A	
Zn	Ch10	TACTICAL	VFIRE24	DIVS/GRP	154.2725	Tone 6 156.7	154.2725	Tone 6 156.7	N	L	A	
Zn	Ch11	TACTICAL	VFIRE25	DIVS/GRP	154.2875	Tone 6 156.7	154.2875	Tone 6 156.7	N	L	A	
Zn	Ch12	TACTICAL	VFIRE26	DIVS/GRP	154.3025	Tone 6 156.7	154.3025	Tone 6 156.7	N	L	A	
Zn	Ch13	TACTICAL	VTAC11	DIVS/GRP	151.1375	Tone 6 156.7	151.1375	Tone 6 156.7	N	L	A	
Zn	Ch14	AIR-to-GROUND	LAC A/G	ALL PERSONNEL	154.4000	Tone 14 151.4	154.4000	Tone 14 151.4	N	H	A	TBD @ TIME OF DISP
Zn	Ch15	AIR-to-GROUND	CDF A/G 1	ALL PERSONNEL	151.2200	NONE	151.2200	Tone 10 152.9	N	L	A	TBD @ TIME OF DISP
Zn	Ch16	EMERGENCY	AIR GUARD	ALL PERSONNEL	168.6250	NONE	168.6250	Tone 1 110.9	N	L	A	

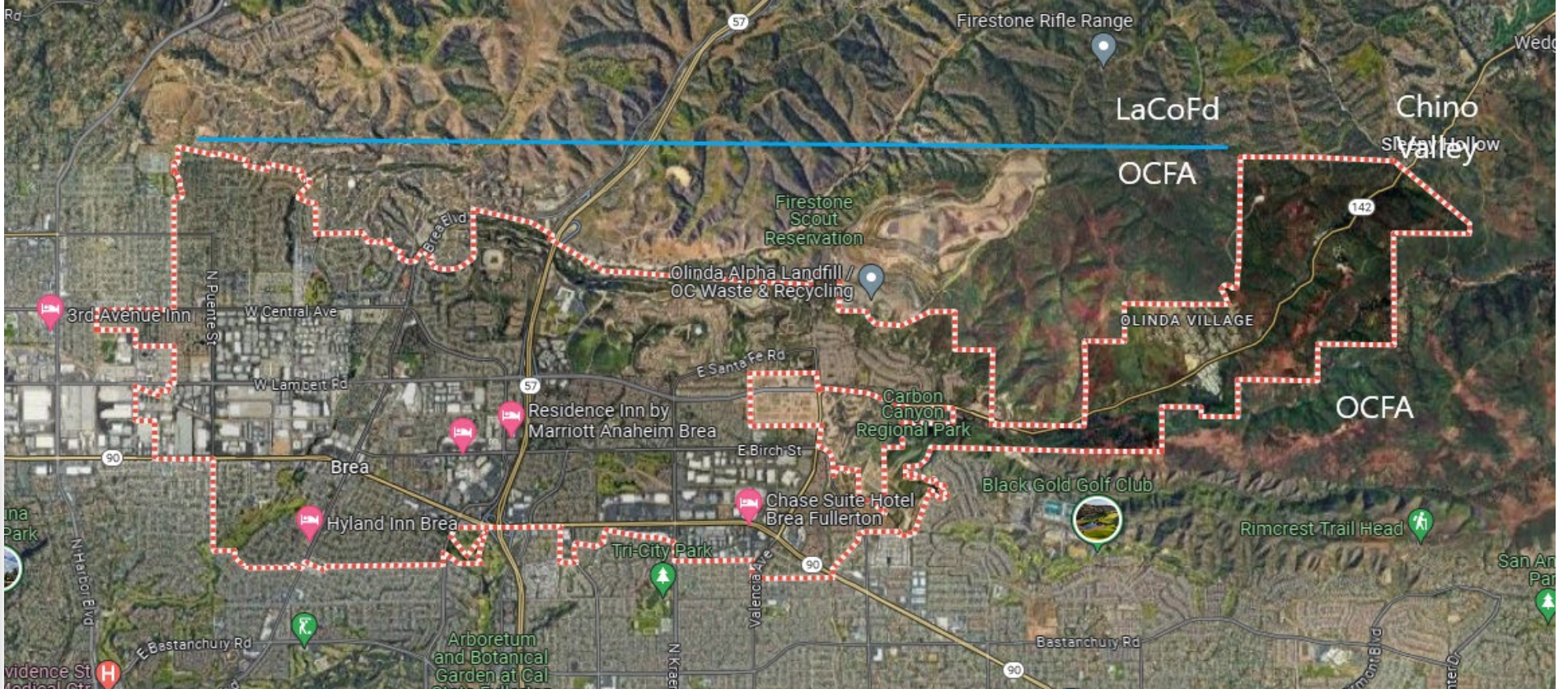
Prepared By: (SOLAR Communications Group) Incident Location: SOLAR Mutual Threat Zone

Neil Eaton - South OPS (951) 320-6127 County: State CA Latitude: N Longitude: W

The convention calls for frequency lists to show four digits after the decimal place. The letter "U", "N", or "W" in the deviation (Dev) column reflects whether the frequency is ultranarrow, narrow, or wide band. Mode refers to either "A" indicating Analog, "D" indicating Digital (e.g. Project 25) or "M" indicating Mixed Mode. All channels are shown as if programmed in a control station, mobile or portable radio. Repeaters (and depending on use, base stations) must be programmed with the Rx and Tx reversed.

When?

Brea's MTZ



Where?

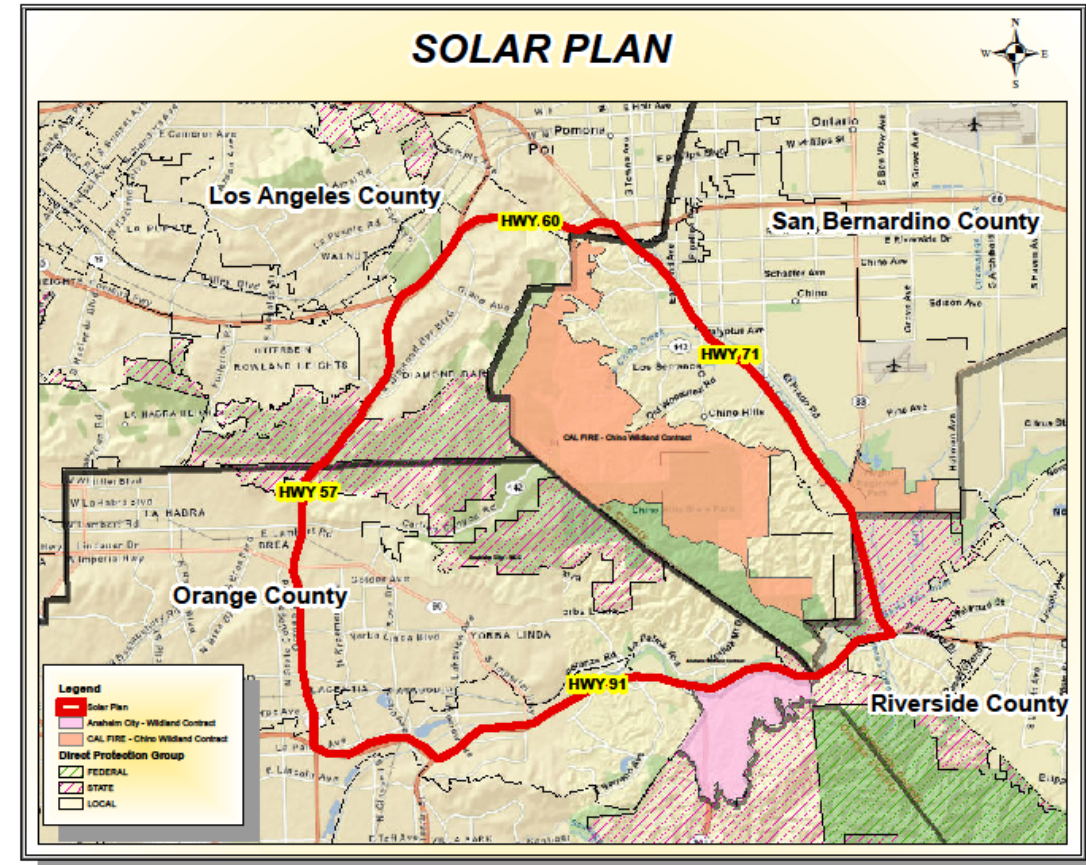
SOLAR Area

South of 60 fwy

North of 91 fwy

East of 57 fwy

West of 71 fwy



The Freeway Complex Fire

Why?



November 15 – 19, 2008

The Freeway Complex Facts

- The Fire consumed over 10,000 Acres in the First 12 Hours – 14 Acres Per Minute
- 650 Engines, 3,800 Firefighters, 17 Helicopters, 12 Air Tankers
- Total of 30,305 Acres Burned
- 90% of Chino Hills State Park Burned
- 315 Structures Destroyed
- 40,000 Residents Evacuated
- \$16,000,000 Firefighting Costs
- \$150,000,000 Dollar Loss
- Watershed Damage



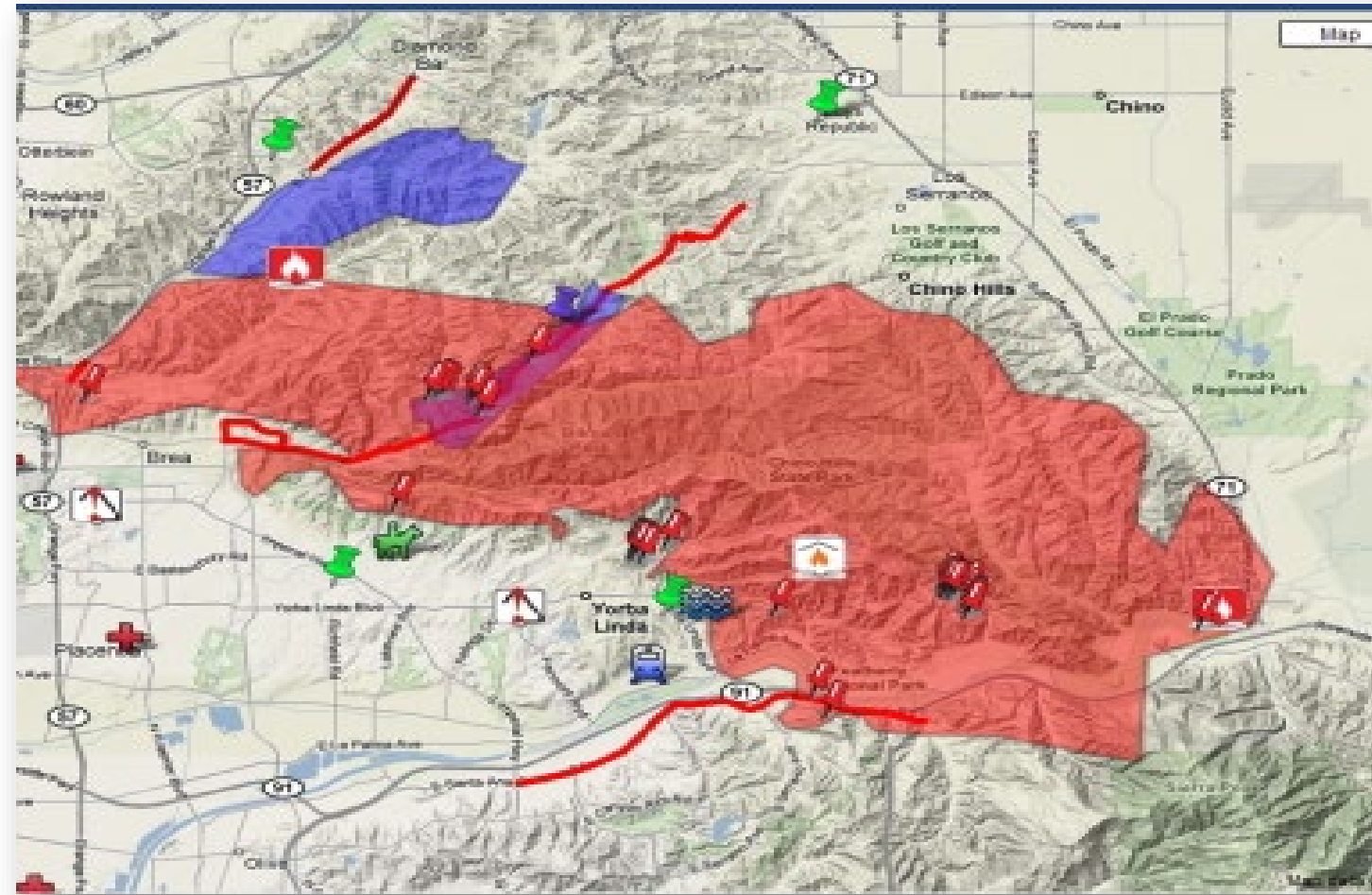
Scope of the Freeway Complex

Cities Affected

- Corona
- Chino Hills
- Yorba Linda
- Brea
- Anaheim
- Diamond Bar

Counties Affected

San Bernardino
Orange
Los Angeles
Riverside



Who's Coming?



What's Coming?

- (3) Fixed Wing Aircraft
- (2) Super Scoopers
- (8) Helicopters
- (3) Dozers
- (4) Type 3 Engines
- (14) Type 1 Engines
- (6) Hand Crews
- (3) Water Tenders
- (10) Chief Officers

Roughly 180 personnel



Questions?



Local Hazard Mitigation Plan

Background



- The Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes the president to declare a “major disaster declaration” or “emergency declaration” in response to an incident or threatened incident that overwhelms the response capability of state or local governments. Both declaration types authorize the President to provide Federal disaster assistance.
- Brea applied for the Local Hazard Mitigation Grant Program under a Northern California Wildfire declaration DR-4558 on March 4, 2021. Brea was awarded \$75,000 on June 14, 2022.
- Although this declaration focused on Lake, Napa, San Mateo, Santa Cruz, Solano, Sonoma, and Yolo counties, all areas within the State of California were eligible for assistance under the Hazard Mitigation Grant Program.

What is it?

- The Local Hazard Mitigation Plan identifies and assesses the hazards to which the City is most vulnerable and develops mitigation strategies to reduce its vulnerability to the risks inherent in natural and human-made hazards.
- An approved and adopted LHMP will make the City eligible to apply for grant funding to reduce vulnerability to disasters within the community and help break the disaster cycle to ensure a sustainable future.



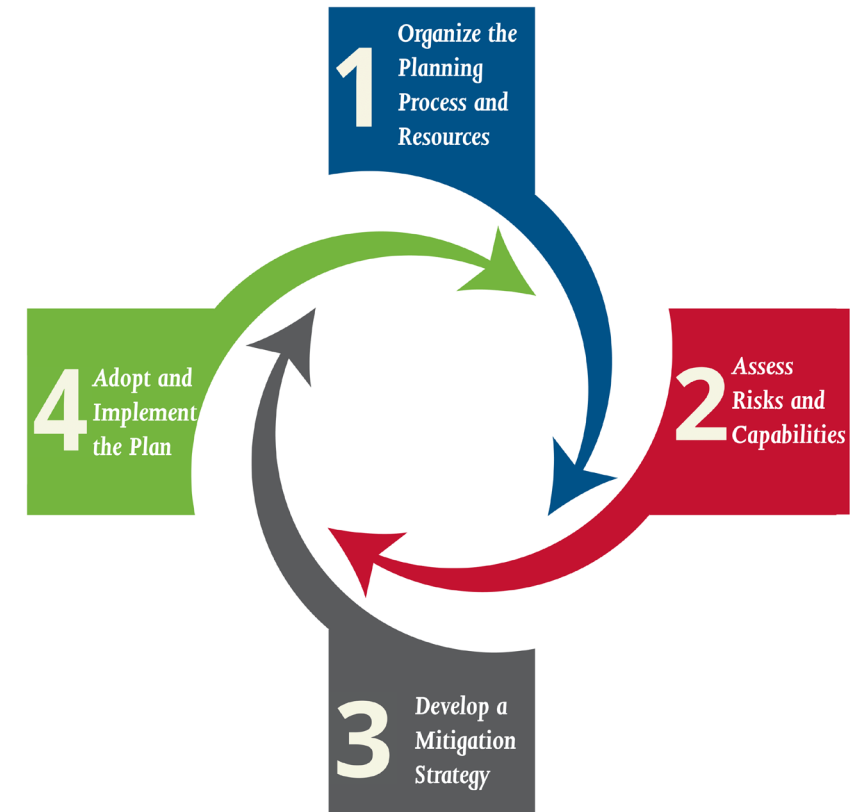
The Process



- RFP issued January 10, 2023. Atlas Planning Solutions was awarded the contract on April 4, 2023.
- A Hazard Mitigation Planning Committee was established which consisted of city staff from Fire, Police, Public Works, Community Development, Communications and Marketing and IT (GIS).

The Committee

- The Committee held 3 meetings - reviewed hazards of concern in Brea, the City's critical facilities, and identified our stakeholders.
- They discussed hazard profiles, mapping, an overview of risk for each hazard and then focused on creating and prioritizing mitigation strategies and determining cost categories for each.
- The committee also reviewed project goals.



Outreach



- Development of the Plan was introduced to Council on September 19, 2023.
- Community survey was sent out via social media and was also accessible on the city website on the same day.
- Community meeting held on November 9.
- Draft of plan distributed to Committee on April 24, 2024.

What's Next



- Plan is being updated to address comments from Committee
- It will be distributed to:
 - Stakeholders and the community
 - Cal OES
 - FEMA
 - Brea City Council for adoption



City of Brea

City Council Regular Meeting Communication

Presentation - Cal Domestic Annual Update

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	GENERAL SESSION - COUNCIL CHAMBERS PLAZA LEVEL - 7:00 P.M. Item: 2F
FROM	
Bill Gallardo, City Manager	

Attachments

[Presentation](#)



California Domestic Water Company

FISCAL YEAR 2023/2024 ANNUAL REVIEW

**Brea City Council Meeting
Tuesday, May 21, 2024**

**Presented By:
Lynda Noriega, President**

Summary and Highlights – Fiscal Year 2023/2024

- **California Domestic Water Company**

- 2020 Strategic Plan – Update on Strategic Initiatives
- Water Supply
- Main San Gabriel Basin – Groundwater Hydrologic Conditions

- **City of Brea**

- California Domestic Water Company Operations
- Projected Water Purchases
- Projected Cost of Water Purchases



2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative: Recruit Senior Water Utility Worker

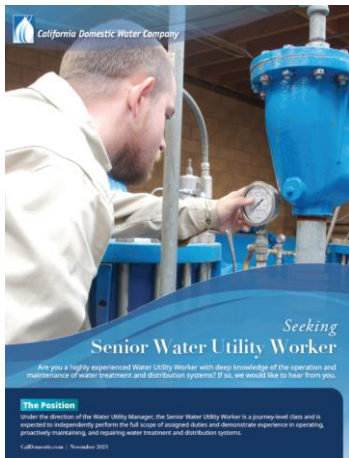


Succession Planning:

Understand and take advantage of opportunities to recruit for key positions that may assist the Company with succession planning efforts.

Milestones

- **September 2022** – Water Utility Service Worker II separated from the Company.
- **July 2023** – Developed plan for conducting proactive and focused recruitment.
- **October – November 2023** – Developed recruitment brochure and organized the State Water Resources Control Board certified operator list to identify potential candidates.
- **December 2023** – Recorded interviews with management and shot clips of the employees for a recruitment video to be placed on the Company's website.
- **February 2024** – Launched Senior Water Utility Worker recruitment and mailed brochures to targeted operators.
- **April 2024** – Conducted interviews of qualified applicants.
- **May 2024** – Extended an offer of employment and hired Senior Water Utility Worker.



2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative: Retail Shareholder Engagement Campaign



Water System & Operations:

Consider opportunities and processes to achieve 100% wholesale operations

Milestones

- **July 2023** – Developed and mailed the “Simplifying Service for Retail Shareholders” informational flier with the monthly utility bill. The flier also included an individual rate comparison for the service address.
- **December 2023** – Developed a door hanger summarizing the “Simplifying Service for Retail Shareholders” campaign and delivered them to the service address.
- **February 2023** – Resent the informational flier with the monthly utility bill.
- **May 2023** – Delivered another door hanger to the service address.

Simplifying Service for Retail Shareholders

Over the last 25 years, Cal Domestic has been taking steps to become a 100% wholesale water provider. Being that Cal Domestic's retail shareholders account for a small percentage of their water deliveries, the Company aims to maximize operations and resources better serve its shareholders and their customers.

About 170 residential properties are Cal Domestic shareholders. Cal Domestic no longer maintains any retail water facilities, which means these shareholders are serviced through the City of La Habra and Suburban Water Systems. These systems charge Cal Domestic the services to these shareholders, and the Company then bills shareholders at the Company's established rates.

To maximize water service and billing, Cal Domestic is offering to buy back shares from retail shareholders and move those accounts to the appropriate water provider.

Why Move Retail Shareholders to Other Water Providers?

Although the Company was originally established to deliver water to both wholesale and retail shareholders, Cal Domestic is now more effectively designed to serve our wholesale shareholders with reliable groundwater through an extensive infrastructure of transmission pipelines stretching more than 25 miles from the City of El Monte to the City of Brea.

Shareholder Benefits

- New customers of City of La Habra or Suburban Water Systems would benefit from greater convenience in bill paying, as these water providers have thousands of retail customers and offer electronic payment options in their billing systems.
- Cal Domestic's rates for retail shareholders are typically higher than what retail water providers charge. These utility providers that serve thousands of retail properties can extend to their customers the cost advantage of economies of scale. Cal Domestic's low number of retail shareholders contributes to higher costs. See [rate comparison](#) for an approximate rate comparison based on your household water consumption.
- Retail shareholders who become customers of either City of La Habra or Suburban Water Systems would receive water from the same source that they receive now.
- Access to water conservation incentives, such as rebates and water conservation promotional items offered by the City of La Habra and Suburban Water Systems.

Sell Your Share to Get \$16,180

Retail shareholders present their stock certificates to Cal Domestic. Cal Domestic will then transfer the shares to the appropriate water provider. The transferring retail shareholders will receive a check for \$16,180 (the value of the shares) from Cal Domestic. The water provider will then bill the shareholder for water service.

Customers should be able to sell their shares of Cal Domestic. The shares are valued by Cal Domestic at \$16,180 each.

Cal Domestic Water Company
1900 Western Boulevard, Whittier, CA 90602
Telephone: (562) 947-3811 • Fax: (562) 947-3811 • Email: info@caldomestic.com • CalDomestic.com

Your Water Utility Rate Comparison

Cal Domestic Water Company

CITY OF LA HABRA

Month	City of La Habra	Cal Domestic	City of El Monte
Jan-22	\$ 28.75	\$ 10.27	\$ 28.75
Feb-22	\$ 28.75	\$ 10.27	\$ 28.75
Mar-22	\$ 28.75	\$ 10.27	\$ 28.75
Apr-22	\$ 28.75	\$ 10.27	\$ 28.75
May-22	\$ 28.75	\$ 10.27	\$ 28.75
Jun-22	\$ 28.75	\$ 10.27	\$ 28.75
Jul-22	\$ 28.75	\$ 10.27	\$ 28.75
Aug-22	\$ 28.75	\$ 10.27	\$ 28.75
Sep-22	\$ 28.75	\$ 10.27	\$ 28.75
Oct-22	\$ 28.75	\$ 10.27	\$ 28.75
Nov-22	\$ 28.75	\$ 10.27	\$ 28.75
Dec-22	\$ 28.75	\$ 10.27	\$ 28.75
Jan-23	\$ 28.75	\$ 10.27	\$ 28.75
Feb-23	\$ 28.75	\$ 10.27	\$ 28.75
Mar-23	\$ 28.75	\$ 10.27	\$ 28.75
Apr-23	\$ 28.75	\$ 10.27	\$ 28.75
May-23	\$ 28.75	\$ 10.27	\$ 28.75
Jun-23	\$ 28.75	\$ 10.27	\$ 28.75
Jul-23	\$ 28.75	\$ 10.27	\$ 28.75
Aug-23	\$ 28.75	\$ 10.27	\$ 28.75
Sep-23	\$ 28.75	\$ 10.27	\$ 28.75
Oct-23	\$ 28.75	\$ 10.27	\$ 28.75
Nov-23	\$ 28.75	\$ 10.27	\$ 28.75
Dec-23	\$ 28.75	\$ 10.27	\$ 28.75
Jan-24	\$ 28.75	\$ 10.27	\$ 28.75
Feb-24	\$ 28.75	\$ 10.27	\$ 28.75
Mar-24	\$ 28.75	\$ 10.27	\$ 28.75
Apr-24	\$ 28.75	\$ 10.27	\$ 28.75
May-24	\$ 28.75	\$ 10.27	\$ 28.75
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May-39	\$ 2		

2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative – Update Bylaws and Corporate Policy Manuals



Governance:

Evaluate qualifications for Board members and establish succession criteria framework



Governance:

Review and update Corporate By-Laws and formalize Corporate Policy Manuals to reflect current organizational values and strategic initiatives



- **January 2024** – Presented proposed amendments to the Bylaws to the Company's Administrative Committee. Opened the shareholder administrative review period on January 29, 2024.
- **March 2024** – Closed shareholder administrative review period and received comments and suggested revisions.
- **April 2024** – Met with shareholder management teams to discuss and obtain feedback on the proposed amendments.
- **May 2024** – Distributed final draft of the Bylaws to shareholders. Presented final drafts to the Company's Administrative Committee on Friday, May 17, 2024.
- **June 2024** – Scheduled presentation of the Bylaws final draft to the Board of Directors to consider adoption.

Water Supply

Per- and Polyfluoroalkyl Substances (PFAS)

Well 8 Ion Exchange Treatment Facility
Construction Completed: March 2024

PROJECT DETAILS:

- Treats 3,000 gallons per minute
- Total Capital Investment: \$4,600,000
- Grant Funding Received: \$2,600,000
- Projected Annual O&M Expense: \$450,000



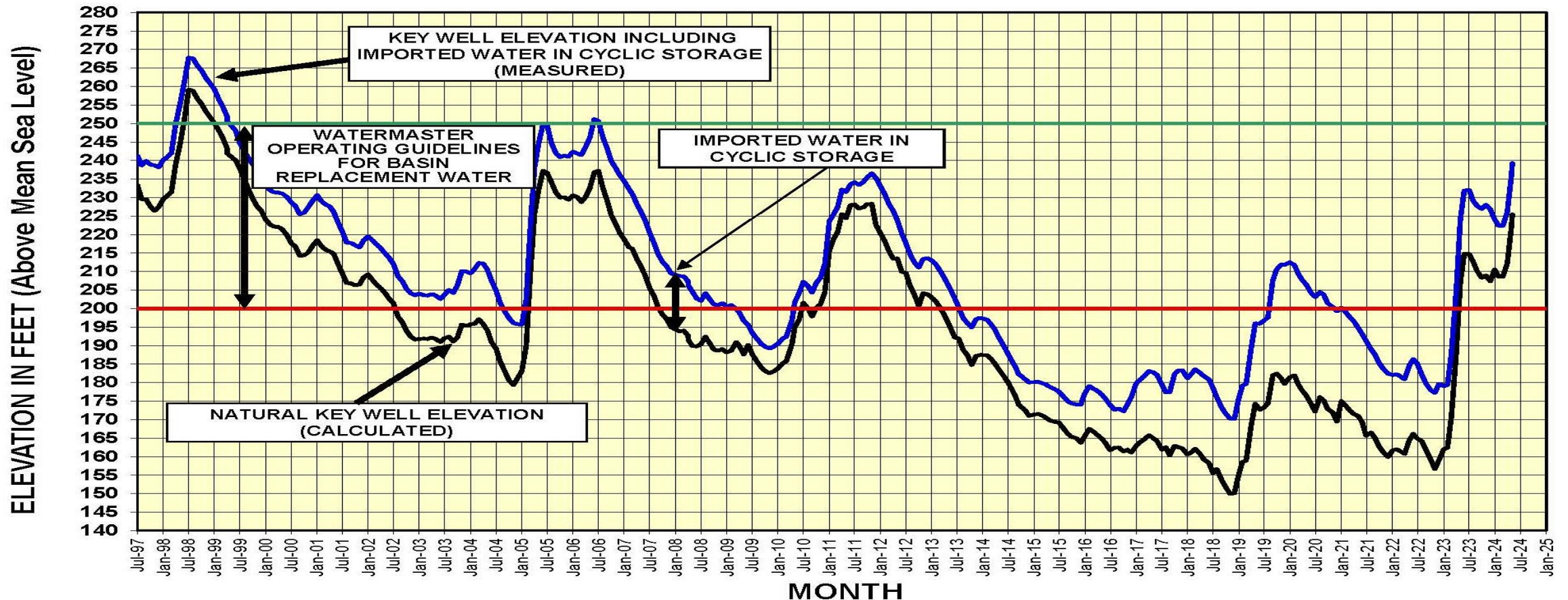
NATIONWIDE MULTI-DISTRICT PFAS LITIGATION:

- **November 2023** – Company opted to participate in the class action settlements.
- **Ongoing** – Management team working with legal counsel to prepare and file the necessary claim forms and supporting documentation.

Main San Gabriel Basin *Groundwater Hydrologic Conditions*

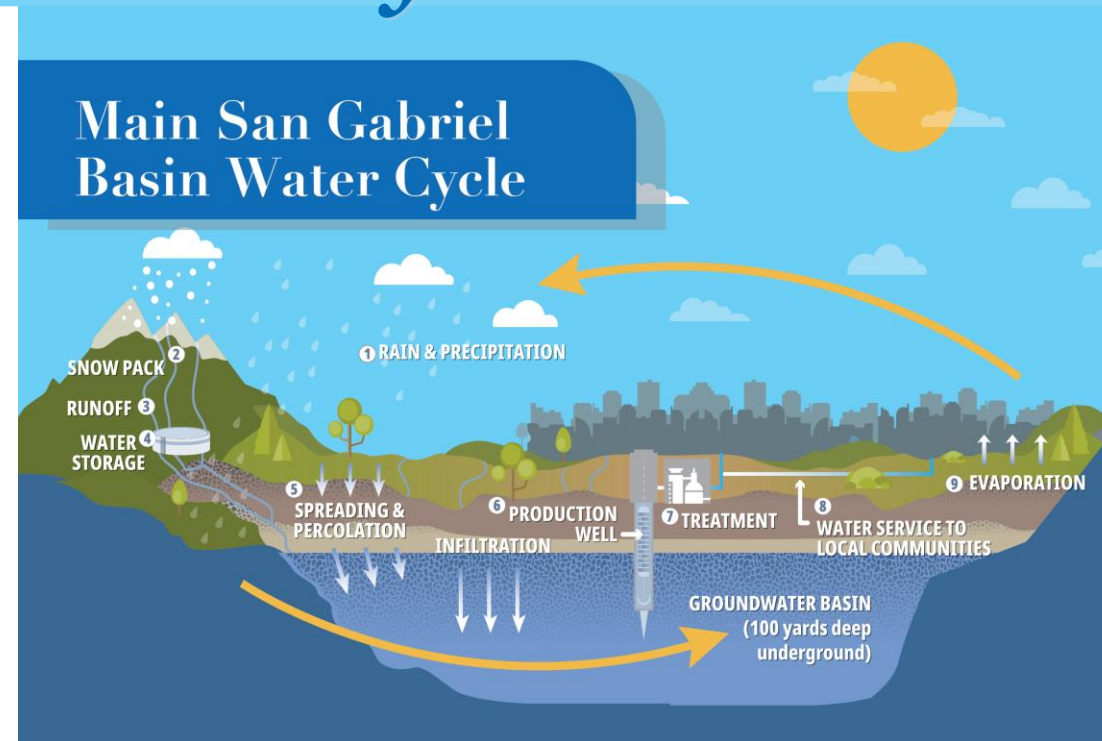
Basin Groundwater Elevation – Baldwin Park Key Well

HIGH: 07/20/83 – 295.3 ft | **LOW:** 11/21/18 – 169.4 ft | **CURRENT:** 05/03/24 – 239.3 ft



Main San Gabriel Basin

Groundwater Cycle and Basin Operation



Rainfall

Annual Average 07/01 – 06/30
18.10 inches

07/01/22 – 06/30/23 28.06 inches **155% of avg**

07/01/23 – 04/23/24 23.87 inches **136% of avg**

Runoff

Annual Average 07/01 – 06/30
110,000 acre-feet (AF)

07/01/22 – 06/30/23 281,500 AF **256% of avg**

07/01/23 – 04/30/24* 65,700 AF **60% of avg**

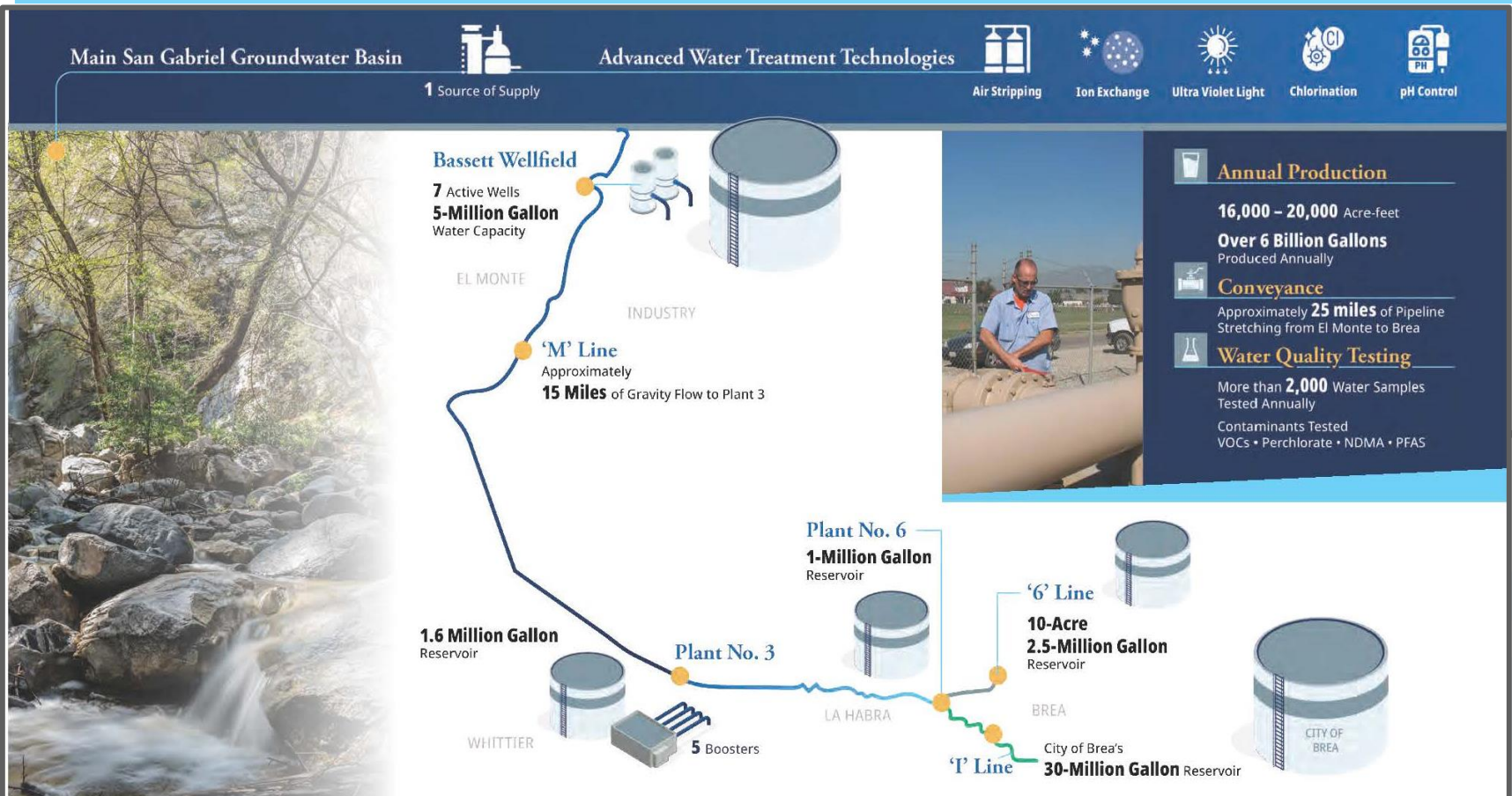
Preliminary projections show total replenishment will exceed 100,000 AF.

California Domestic Water Company - Operations

***Proudly Serving the
Communities of:***



**Suburban
Water Systems**



**2023/2024
Projected Water Sales
20,600 Acre-Feet
(6,700,000,000 Gallons)**

**2023/2024
Projected Water Sales
Revenues
\$14,120,300**

City of Brea – 2023/2024 Projected Water Purchases

• Common Stock Entitlement Water (1.45 AF/Share)	3,649.65	AF
• Preferred A Stock Entitlement Water	522.06	AF
• Main San Gabriel Basin Pumping Rights	1,140.43	AF
• Excess Entitlement Water	3,097.90	AF

2023/2024 Projected Water Purchases	8,410.14	AF
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ANNUAL COMPARATIVES

2022/2023 Actual Water Purchases	8,529.72	AF
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2021/2022 Actual Water Purchases	9,859.36	AF
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City of Brea – 2023/2024 Projected Cost of Water Purchases

California Domestic Water Company

• Projected Purchase (AF)	8,410
• Projected Purchase Cost	\$6,645,511
• Projected Cost / AF	\$790

MWDOC

• Projected Purchase (AF)	8,410
• Projected Purchase Cost	\$10,334,447
• Projected Cost / AF*	\$1,229

** Average Cost / AF does not include other fixed costs assessed by MWDOC for water deliveries.*

2023/2024 Benefits and Savings to City of Brea = \$439/AF or \$3,688,936

The background of the image shows a warehouse or industrial facility with several large, blue, vertical cylindrical water filtration or treatment units. These units have mesh-covered access panels and are connected to various pipes and valves. The ceiling is made of wooden beams with fluorescent lighting. The overall scene is industrial and well-lit.

Thank you!

California Domestic Water Company
15505 Whittier Boulevard
Whittier, CA 90603
(562) 947-3811 | info@caldomestic.com



City Council Regular Meeting Communication

Conduit Financing for the Rancho Brea Project

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	PUBLIC HEARING Item: 3A
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Staff Recommends that the City Council take the following actions:

- 1) Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended (the "Code"), in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the "CMFA"), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$166,000,000, (the "Bonds"), to (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority's outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "2014A Bonds"), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the "2014B Bonds" and, together with the 2014A Bonds, the "2014 Bonds"), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the "Project")
- 2) Adopt the resolution approving the issuance of the Bonds by the CMFA for the benefit of Caritas Affordable Housing, Inc. (the "Corporation" and, together with the LLCs, the "Borrowers"), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

BACKGROUND/DISCUSSION

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$166,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used for (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority's outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the "2014A Bonds"), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the "2014B Bonds" and, together with the 2014A Bonds, the "2014 Bonds"), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the "Project").

The term "2024 New Money Project" means all or a portion of the costs of: (a) the acquisition, construction, improvement and equipping of property located at 220 Camino Corto, Vista, California 92083 (the "Estrella Apartment Project") and at 2441 South El Camino Real, San Clemente, California 92672 (the "San Clemente Project"); (b) certain capital expenditures for the properties comprising the 2014 Project, including, but not limited to, the replacement of asphalt surfaces in and about such properties (the "Improvement Project"); and (c) certain working capital expenditures as permitted by the Code and the Treasury Regulations promulgated thereunder.

The term "2014 Project" means financing and refinancing all or a portion of the costs of the acquisition, construction, improvement and equipping of: (a) a 285-space mobile home park known as Valley Village Mobile Home Park, located at 6401 Country Club Drive, Rohnert Park, California 94928 (the "2014 Valley Village Project" and, together with the portion of the Improvement Project at the 2014 Valley Village Project, the "Valley Village Project"); (b) a 67-space mobile home park known as Sterling Shores Estates Manufactured Housing Community, located at 5830 Robin Hill Drive, Lakewood, California 95453 (the "2014 Sterling Shores Project" and, together with the portion of the Improvement

Drive, Lakeport, California 95433 (the "2014 Sterling Shores Project" and, together with the portion of the Improvement Project at the 2014 Sterling Shores Project, the "Sterling Shores Project"); (c) a 123-space mobile home park known as Desert Sands Estates Mobile Home Park, located at 4511 25th Street East, Lancaster, California 93535 (the "2014 Desert Sands Project" and, together with the portion of the Improvement Project at the 2014 Desert Sands Project, the "Desert Sands Project"); (d) a 164-space mobile home park known as Aztec Mobile Home Estates, located at 7425 Church Street, Yucca Valley, California 92284 (the "2014 Aztec Project" and, together with the portion of the Improvement Project at the 2014 Aztec Project, the "Aztec Project"); (e) a 100-space mobile home park known as Rancho Brea Mobile Home Estates, located at 1414 West Central Avenue, Brea, California 92821 (the "2014 Rancho Brea Project" and, together with the portion of the Improvement Project at the 2014 Rancho Brea Project, the "Rancho Brea Project"); (f) a 465-space mobile home park known as Friendly Village Mobile Home Park, located at 1301 East Avenue 1, Lancaster, California 93535 (the "2014 Friendly Village Project" and, together with the portion of the Improvement Project at the 2014 Friendly Village Project, the "Friendly Village Project"); (g) a 264-space mobile home park known as Hacienda Mobile Estates, located at 2330 East Avenue J 8, Lancaster, California 93535 (the "2014 Hacienda Project" and, together with the portion of the Improvement Project at the 2014 Hacienda Project, the "Hacienda Project"); (h) a 107-space mobile home park known as Estrella De Oro, located at 220 Camino Corto, Vista, California 92083 (the "2014 Estrella Project" and, collectively with the portion of the Improvement Project at the 2014 Estrella Project and the Estrella Apartment Project, the "Estrella Project"); and (i) a 159-space mobile home park known as Vista Manor Mobile Home Park, located at 200 Olive Avenue, Vista, California 92083 (the "2014 Vista Manor Project" and, together with the portion of the Improvement Project at the 2014 Vista Manor Project, the "Vista Project").

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Brea must conduct a public hearing (the "TEFRA Hearing") providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 350 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

FISCAL IMPACT/SUMMARY

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the

Attachments

[TEFRA Resolution.pdf](#)

(DRAFT) RESOLUTION NO. PC 2024-XX

RESOLUTION OF THE BREA CITY COUNCIL APPROVING THE
ISSUANCE OF TAX EXEMPT REVENUE BONDS PURUSANT TO A
PLAN OF FINANCE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED \$166,000,000 BY THE CALIFORNIA MUNICIPAL FINANCE
AUTHORITY FOR THE PURPOSE OF FINANCING AND REFINANCING
THE ACQUISITION AND IMPROVEMENT OF THE ACQUISITION,
CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF CERTAIN
PROPERTIES CONSISTING OF MOBILE HOME PARKS AND AN
APARTMENT COMPLEX BY ONE OR MORE CALIFORNIA LIMITED
LIABILITY COMPANIES WHOSE SOLE MEMBER WILL BE CARITAS
AFFORDABLE HOUSING, INC., AND CERTAIN OTHER MATTERS
RELATING THERETO

A. RECITALS:

WHEREAS, one or more California limited liability companies (“LLCs”), whose sole member is or will be Caritas Affordable Housing, Inc. (the “Corporation” and, together with the LLCs, the “Borrowers”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), have requested that the California Municipal Finance Authority (the “Authority”) participate in the issuance of one or more series of tax exempt revenue bonds in a maximum aggregate principal amount not to exceed

\$166,000,000 (the “Bonds”), pursuant to a plan of financing, to: (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority's outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the “2014A Bonds”), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the “2014B Bonds” and, together with the 2014A Bonds, the “2014 Bonds”), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the “Project”); and

WHEREAS, the term “2024 New Money Project” means all or a portion of the costs of: (a) the acquisition, construction, improvement and equipping of property located at 220 Camino Corto, Vista, California 92083 (the “Estrella Apartment Project”) and at 2441 South El Camino Real, San Clemente, California 92672 (the “San Clemente Project”); (b) certain capital expenditures for the properties comprising the 2014 Project, including, but not limited to, the replacement of asphalt surfaces in and about such properties (the “Improvement Project”); and (c) certain working capital expenditures as permitted by the Code and the Treasury Regulations promulgated thereunder; and

WHEREAS, the term “2014 Project” means financing and refinancing all or a portion of the costs of the acquisition, construction, improvement and equipping of: (a) a 285-space mobile home park known as Valley Village Mobile Home Park, located at 6401 Country Club Drive, Rohnert Park, California 94928 (the “2014 Valley Village

Project” and, together with the portion of the Improvement Project at the 2014 Valley Village Project, the “Valley Village Project”); (b) a 67-space mobile home park known as Sterling Shores Estates Manufactured Housing Community, located at 5830 Robin Hill Drive, Lakeport, California 95453 (the “2014 Sterling Shores Project” and, together with the portion of the Improvement Project at the 2014 Sterling Shores Project, the “Sterling Shores Project”); (c) a 123-space mobile home park known as Desert Sands Estates Mobile Home Park, located at 4511 25th Street East, Lancaster, California 93535 (the “2014 Desert Sands Project” and, together with the portion of the Improvement Project at the 2014 Desert Sands Project, the “Desert Sands Project”); (d) a 164-space mobile home park known as Aztec Mobile Home Estates, located at 7425 Church Street, Yucca Valley, California 92284 (the “2014 Aztec Project” and, together with the portion of the Improvement Project at the 2014 Aztec Project, the “Aztec Project”); (e) a 100-space mobile home park known as Rancho Brea Mobile Home Estates, located at 1414 West Central Avenue, Brea, California 92821 (the “2014 Rancho Brea Project” and, together with the portion of the Improvement Project at the 2014 Rancho Brea Project, the “Rancho Brea Project”); (f) a 465-space mobile home park known as Friendly Village Mobile Home Park, located at 1301 East Avenue 1, Lancaster, California 93535 (the “2014 Friendly Village Project” and, together with the portion of the Improvement Project at the 2014 Friendly Village Project, the “Friendly Village Project”); (g) a 264-space mobile home park known as Hacienda Mobile Estates, located at 2330 East Avenue J 8, Lancaster, California 93535 (the “2014 Hacienda Project” and, together with the portion of the Improvement Project at the 2014 Hacienda Project, the “Hacienda Project”); (h) a 107-space mobile home park known as Estrella De Oro, located at 220 Camino Corto,

Vista, California 92083 (the “2014 Estrella Project” and, collectively with the portion of the Improvement Project at the 2014 Estrella Project and the Estrella Apartment Project, the “Estrella Project”); and (i) a 159-space mobile home park known as Vista Manor Mobile Home Park, located at 200 Olive Avenue, Vista, California 92083 (the “2014 Vista Manor Project” and, together with the portion of the Improvement Project at the 2014 Vista Manor Project, the “Vista Project”); and

WHEREAS, the maximum aggregate principal amount of Bonds to be issued for: (a) the Vista Project will not to exceed \$12,900,000; (b) the San Clemente Project will not to exceed \$16,800,000; (c) the Valley Village Project will not to exceed \$33,000,000; (d) the Sterling Shores Project will not to exceed \$11,500,000; (e) the Desert Sands Project will not to exceed \$10,150,000; (f) the Aztec Project will not to exceed \$16,300,000; (g) the Rancho Brea Project will not to exceed \$12,350,000; (h) the Friendly Village Project will not to exceed \$13,150,000; (i) the Hacienda Project will not to exceed \$12,900,000; and (j) the Estrella Project will not to exceed \$26,950,000 (but in no event will the combined principal amount of Bonds issued for the Project exceed \$166,000,000); and

WHEREAS, the Rancho Brea Project is or will be located within the territorial limits of the City of Brea, California (the “City”), a member of the Authority; and

WHEREAS, the Rancho Brea Project is, or will be when acquired, owned and operated by one or more of the Borrowers; and

WHEREAS, not less than twenty percent (20%) of the residential units of the Rancho Brea Project shall be occupied by individuals whose income is fifty percent (50%) or less of area median gross income; and

WHEREAS, pursuant to Section 147(f) of the Code and the Treasury Regulations promulgated thereunder, the issuance of the Bonds by the Authority and the related plan of financing must be approved by the City because the Rancho Brea Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the “City Council”) is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds by the Authority under Section 147(f) of the Code and the Treasury Regulations promulgated thereunder; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the Treasury Regulations promulgated thereunder, and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (as amended from time to time, the “Agreement”), among certain program participants, including the City; and

WHEREAS, on or before May 09, 2024, the Authority’s bond counsel caused a notice to appear in *The Brea Star Progress*, which is a newspaper of general circulation in the City, stating that a public hearing with respect to the issuance of the Bonds by the Authority for the Rancho Brea Project would be held by the City’s City Council on May 21, 2024; and

WHEREAS, pursuant to Section 147(f) of the Code, the City has, following notice duly given, held a public hearing on May 21, 2024 regarding the issuance of the Bonds by the Authority, and an opportunity was provided for persons to comment on the matter of the Bonds and of the Rancho Brea Project; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the aforesaid purposes;

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. The foregoing recitals with respect to the Project, the Bonds and the use of the proceeds of the Bonds for the Rancho Brea Project are true and correct.
2. The City Council hereby approves the issuance of the Bonds by the Authority and the related plan of financing related to the Rancho Brea Project. It is the purpose and intent of the City Council that this resolution constitutes approval of the issuance of the Bonds by the Authority (a) by the “applicable elected representative” of the governmental unit having geographic jurisdiction of the area which contains the Rancho Brea Project in accordance with Section 147(f) of the Code and the Treasury Regulations promulgated thereunder, and (b) by the City Council in accordance with Section 4 of the Agreement.
3. . The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The approval by the City of the issuance of the Bonds by the Authority relating to the Rancho Brea Project is neither an approval of the underlying credit issues of the

proposed Rancho Brea Project nor an approval of the financial structure of the Bonds. Neither the City nor any department, official or officer thereof shall have any responsibility or liability whatsoever with respect to the Bonds or any portion of the Project. The Bonds shall not constitute an obligation or indebtedness of the City, and the assets and revenues of the City are not being pledged as security for the payment of principal or interest on the Bonds.

4. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.
5. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire, rehabilitate or construct the Project or any refinancing of the Project or any portion thereof; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, rehabilitation or operation of the Project or any portion thereof; (iii) make any contribution or advance any funds whatsoever to the Authority or the Borrowers; or (iv) take any further action with respect to the Authority or the City's membership therein.
6. This resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED by the Council of the City of Brea, California, this 21st day of May 2024.

Christine Marick, Mayor

ATTEST: _____

Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, California, do hereby certify that the foregoing resolution was adopted by the City Council of the City of Brea, California, at its regular meeting held on the 21st day of May 2024, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: May 21, 2024



City Council Regular Meeting Communication

Disposition, Development, and Loan Agreement, and Ground Lease for a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	PUBLIC HEARING Item: 3B
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. Approve a Disposition, Development, and Loan Agreement ("DDLA") (Attachment A) regarding 323 North Brea Boulevard, which includes the terms and conditions for a 99-year ground lease to JHC-Acquisitions LLC ("Jamboree");
2. Authorize the City Manager and City Clerk to execute the DDLA;
3. Authorize the City Manager and City Attorney to administratively make non-monetary revisions to the DDLA and related documents as necessary or appropriate; and
4. Adopt a Resolution approving the DDLA (and its exhibits) and making findings California Health and Safety Code Section 33433 (Attachment B).

BACKGROUND/DISCUSSION

In a continuation of efforts to produce more affordable housing in the City of Brea, on May 7, 2024, a draft DDLA between the City and Jamboree was presented to the City Council for review and comments, as well as staff's recommendation to bring the item back for a Public Hearing and formal approval at the May 21, 2024 City Council Meeting. The May 7, 2024 City Council Staff Report is included as Attachment C, which contains additional background information on the project. At that meeting, the City Council approved the following:

- Appropriation of \$8,028,491.51 from the City's Affordable Housing Trust Fund (which includes funding from a CalOptima Health grant) and \$2,457,483.00 from the City's Housing Successor Fund for the project;
- Authorization for the City Manager to authorize a wire transfer of the funds to Jamboree;
- Authorization for waiver of Development Impact Fees and In-Kind Fees; and
- Adoption of Resolution Number 2024-030, making an exempt Surplus Land Act determination for the City-owned site at 323 North Brea Boulevard ("Project Site") and approving a California Environmental Quality Act exemption determination.

Since the May 7th City Council Meeting, the draft DDLA has been revised for clarity and to incorporate comments from Jamboree, which includes one key revision:

- Increase the lease term from 55 years to 99 years in the Ground Lease. This revision was necessary for Jamboree to demonstrate control over the project, beyond the 55-year affordability covenants, for tax purposes.

Additionally, based on feedback from the City Council, parking impacts for the project will be addressed with Jamboree in the Property Management Plan.

City staff and Jamboree are still finalizing certain non-monetary language in the DDLA; however, the major terms are expected to remain unchanged. Should a significant term be proposed for revision, staff will bring the item back to the City Council for approval. Staff recommends the following major terms for the DDLA, which includes a Ground Lease and funding contributions:

Ground Lease for 323 North Brea Boulevard	
Term	99-years
Fee/Repayment	\$1.00 annually
Additional Requirements	Only to be used for affordable housing
CalOptima Health Grant Award	
Amount	\$6,028,491.51
Term	55-years
Interest	0%
Repayment	None; Forgivable grant
Additional Requirements	Funding must serve and support CalOptima Medi-Cal members
City of Brea Affordable Housing Trust Funds (Fund 270)	
Amount	\$2,000,000.00
Term	55-years
Interest	0-3%
Repayment	Optional annual Residual Receipts (annual project revenue after expenses, such as operations or other payment obligations)
Additional Requirements	Funding must be allocated toward the production of affordable housing.
City of Brea Housing Successor Funds (Fund 280)	
Amount	\$2,457,483.00
Term	55-years
Interest	0-3%
Repayment	Optional annual Residual Receipts (annual project revenue after expenses, such as operations or other payment obligations)
Additional Requirements	Funding must be allocated toward the production of affordable housing.

Resolution No. 2024-030, declaring the Project Site exempt from the Surplus Land Act, has been submitted to the California Department of Housing and Community Development (“HCD”) for review. HCD has 30 days to respond to the submission. Should no objection be received from HCD, the DDLA may be executed. The DDLA shall solidify the City’s commitment to utilizing the excess surplus of \$2,457,483.00 from the City of Brea’s Housing Successor Fund for the development of affordable housing.

Section 33433 of the California Health and Safety Code requires the City to hold a Public Hearing prior to formal approval of the proposed DDLA, which includes a Ground Lease of the Project Site. Public notices were published in the Brea Star-Progress on May 2, 2024 and May 9, 2024. The public hearing notices are provided as Attachment D. As further required by Section 33433, the City also made available to the public a report regarding the DDLA, including a copy of the agreement, as of the date that the first public notice was published.

At the time of the submittal of this report, staff has received two public comments, which are included as Attachment E.

Staff recommends the City Council approve, after a Public Hearing, the DDLA, which includes a 99-year Ground Lease with Jamboree as well as use of the CalOptima Health Grant and a portion of the City's Housing funds, and adopt the attached Resolution to allow the Project Site to be leased for production of new affordable housing units. Staff is currently seeking additional funding opportunities for this project and, if awarded, the funds will be brought to the City Council for authorization of use.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed staff's recommendation at their March 26, 2024 meeting and recommended to proceed to City Council for approval.

FISCAL IMPACT/SUMMARY

Attachments

[ATTACHMENT A - Disposition Development and Loan Agreement.pdf](#)

[ATTACHMENT B - Resolution.pdf](#)

[ATTACHMENT C - May 7, 2024 City Council Staff Report-compressed.pdf](#)

[ATTACHMENT D - Legal Ad Notices May 2, 2024 and May 9, 2024.pdf](#)

[ATTACHMENT E - Public Comments.pdf](#)

[ATTACHMENT F - Presentation.pdf](#)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

By and between

THE CITY OF BREA

and

JHC-ACQUISITIONS LLC

May 21, 2024

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THIS DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT (“**Agreement**”) is dated May 21, 2024 (“**Effective Date**”) for reference purposes and is executed by the CITY OF BREa, a California municipal corporation (“**City**”), and JHC-ACQUISITIONS LLC, a California limited liability company (“**Developer**”). City and Developer are collectively referred to herein as the “**Parties**.”

RECITALS

- A. City is the owner of property located at 323 N. Brea Boulevard (APN 296-301-02) described in the attached **Exhibit A** (“**Property**”). City intends to ground lease the Property to Developer and make a secured loan to Developer, and Developer intends to ground lease the Property from City and accept such loan, upon and subject to the terms and conditions set forth herein.
- B. The Property was acquired by the former Brea Redevelopment Agency using its housing set aside funds, and the funds for the City loan are also derived from such housing set aside funds. City is the successor to the housing assets of the former Brea Redevelopment Agency, including the Property and such funds. A copy of this Agreement, and a report summarizing the same, have been made available to the public as required by Health and Safety Code Section 33433.
- C. City has determined that the Property is “exempt surplus land” within the meaning of Government Code Section 54221(f)(1)(B) because it is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. Confirmation of City’s determination by the California Department of Housing and Community Development is a condition precedent to closing.
- D. Developer has proposed to develop and operate on the Property a 39-unit multi-family rental housing development (consisting of 38 apartments that will be affordable to extremely low income households and one manager’s unit) and other amenities (collectively, “**Project**”).
- E. Upon satisfaction of the conditions precedent to closing, and subject to the terms and conditions set forth herein, City will: (i) lease the Property to Developer for 99 years pursuant to a lease substantially in the form set forth in the attached **Exhibit G** (“**Ground Lease**”); and (ii) assist in financing the Project by providing Developer a secured loan of \$4,457,483 (“**City Loan**”) pursuant to a promissory note substantially in the form set forth in the attached **Exhibit C** (“**City Loan Note**”).
- F. As conditions to the closing, among other documents, Developer will execute and deliver to escrow for recording (or in the case of the nonrecordable documents, including the Ground Lease and the City Loan Note, Developer will deliver directly to City) the following: the Ground Lease; the City Loan Note; a deed of trust, substantially in the form set forth in the attached **Exhibit D** (“**Deed of Trust**”), that will provide City with a security interest in Developer’s leasehold interest in the Property to secure the City Loan; an assignment of architect and engineer contracts and plans, substantially in the form of the

attached **Exhibit E** (“**Assignment**”), that will provide City with a security interest to secure the City Loan; a memorandum of ground lease; and an affordable housing restrictive covenant substantially in the form set forth in the attached **Exhibit F** (“**Affordable Housing Agreement**”).

- G. A material inducement to City to enter into this Agreement and close the transactions described herein is the agreement by Developer to comply with the Ground Lease and the Affordable Housing Agreement, including the obligation to develop the Project in accordance with and within the time periods specified in the Ground Lease. City would be unwilling to close this transaction in the absence of an enforceable commitment by Developer to take such actions and complete such work in accordance with such provisions and within such time periods.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS; EXHIBITS

Section 1.1 **Incorporation of Recitals.** The Parties acknowledge the truth of the foregoing recitals which are hereby incorporated into this Agreement by this reference.

Section 1.2 **Definitions.** The following terms shall have the meanings set forth below whenever used in this Agreement and the attached Exhibits. Additional terms are defined in the Recitals and text of this Agreement.

“**Affordable Housing Agreement**” means an affordable housing restrictive covenant substantially in the form set forth in the attached **Exhibit F**.

“**Assignment**” means a collateral assignment of architect and engineer contracts and plans substantially in the form attached as **Exhibit E**.

“**City**” means the City of Brea, California.

“**City Council**” means the Brea City Council.

“**City Documents**” means collectively, this Agreement, the City Loan Note, the Deed of Trust, the Affordable Housing Agreement, the Notice, the Assignment, and the Ground Lease.

“**City Loan**” is defined in Recital E and further described in Section 4.1.

“**City Loan Note**” means a secured promissory note substantially in the form set forth in the attached **Exhibit C**.

“City Manager” means the Brea City Manager or such official’s designee.

“Closing,” “Closing Date” and **“Close of Escrow”** each shall mean the date that escrow closes for the City Loan and shall be the date upon which the term of the Ground Lease commences and the Memorandum of Lease is recorded.

“Commencement Date” means the date that the term of the Ground Lease commences, which shall be the Closing Date.

“Conditions of Approval” means all governmental conditions imposed on any governmental approvals or permits granted for the Project.

“Construction Plans” is defined in Section 5.4.

“County” means the County of Orange, California.

“CTCAC” means the California Tax Credit Allocation Committee.

“Deed of Trust” means a leasehold deed of trust substantially in the form set forth in the attached **Exhibit D**.

“Developer” means JHC-Acquisitions LLC, and its successors and assigns.

“Developer Parties” means Developer and Developer’s agents, employees, consultants, contractors, and subcontractors, and any person acting on behalf of, or as the invitee of, any of the foregoing.

“Developer’s Permitted Exceptions” is defined in Section 3.1.

“Effective Date” is the date specified in the preamble to this Agreement.

“Environmental Laws” is defined in Section 6.3.2.

“Escrow Agent” is defined in Section 3.4.

“Ground Lease” means a ground lease substantially in the form set forth in the attached **Exhibit G**.

“Hazardous Material” is defined in Section 6.3.1.

“Improvements” means the improvements to be developed on the Property pursuant to this Agreement and the Ground Lease.

“Indemnitees” means City and its elected and appointed officials, officers, employees, and agents.

“Lender’s Title Policy” is defined in Section 3.8.5.

“Loan Proceeds” means the proceeds of the City Loan.

“Memorandum of Lease” is defined in Section 3.8.4, and the form of it is attached as an exhibit to the Ground Lease.

“Notice” means a Notice of Affordability Restrictions on Transfer of Property, and the form of it is attached as an exhibit to the Affordable Housing Agreement.

“Official Records” means the Official Records of Orange County.

“Owner’s Title Policy” is defined in Section 3.9.3.

“Preliminary Title Report” is defined in Section 3.1.

“Project” is defined in Recital D and more particularly described in the Ground Lease.

“Property” is defined in Recital A and described in the Ground Lease.

“Property Management Plan” is defined in Section 5.7

“Residential Marketing Plan” is defined in Section 5.6.

“Title Company” is defined in Section 3.4.

“Updated Financing Plan” is defined in Section 2.4.2.

Section 1.3 Exhibits. The following Exhibits are attached and incorporated into this Agreement by this reference:

Exhibit A	Legal Description of the Property
Exhibit B	Pre-Closing Schedule
Exhibit C	Form of City Loan Note
Exhibit D	Form of Leasehold Deed of Trust (which includes the post-closing schedule and Memorandum of Lease)
Exhibit E	Form of Assignment
Exhibit F	Forms of Affordable Housing Agreement
Exhibit G	Form of Ground Lease
Exhibit H	Preliminary Financing Plan (Project Budget; Sources and Uses of Funds; Pro-forma/projected Operating Income/Expense Statement)

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE; PROJECT SCOPE; FINANCING PLAN

Section 2.1 Developer's Representations. Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition that would cause any of the warranties and representations in this Section 2.1 to be untrue, Developer shall promptly give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City. Developer represents, warrants, and covenants that the following are true and correct in all material respects as of the Effective Date, and shall be true and correct in all material respects as of the Closing Date.

2.1.1 Organization. Developer is a limited liability company, duly organized and in good standing under the laws of the State of California.

2.1.2 Authority of Developer. Developer has full power and authority to execute and deliver this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

2.1.3 Authority of Persons Executing Documents. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

2.1.4 Valid and Binding Agreements. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of Developer, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

2.1.5 No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement, the other City Documents, or any other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default

under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

2.1.6 Pending Proceedings. Except as disclosed in writing to City prior to execution of this Agreement, to Developer's knowledge, (i) Developer is not in default under or in violation of any law or regulation or under any order of any court, board, commission or agency whatsoever, and, (ii) there are no claims, actions, suits or proceedings pending or threatened against or affecting Developer, at law or in equity, before or by any court, board, commission or agency. Developer is not the subject of a bankruptcy or insolvency proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Developer's assets has been made. As used in this Section 2.1, the phrase "to Developer's knowledge" shall mean and refer to the actual knowledge of Michael Massie, without duty of inquiry or investigation.

Section 2.2 City's Representations. City covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition that would cause any of the warranties and representations in this Section 2.2 to be untrue, City shall promptly give written notice of such fact or condition to Developer. City acknowledges that Developer shall rely upon City's representations made herein notwithstanding any investigation made by or on behalf of Developer. City represents, warrants, and covenants that the following are true and correct in all material respects as of the Effective Date, and shall be true and correct in all material respects as of the Closing Date.

2.2.1 Organization. City is a California municipal corporation, duly formed and operating under the laws of the State of California.

2.2.2 Authority of City. City has full power and authority to execute and deliver this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

2.2.3 Authority of Persons Executing Documents. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of City, and all actions required by City and under applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

2.2.4 Valid and Binding Agreements. This Agreement, the other City documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of

City, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

2.2.5 No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement, the other City Documents, or any other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on City, or will conflict with or constitute a breach of or a default under any agreement to which City is a party, or will result in the creation or imposition of any lien upon any assets or property of City, other than liens established pursuant hereto.

2.2.6 Legal Parcel The Property is a legally formed parcel in the approximate size of .437 acres.

2.2.7 City is Fee Owner. City is the owner of the entire right, title, and interest in and to the Property.

2.2.8 No Litigation. There are no pending or, to City's knowledge, threatened claims, allegations or lawsuits of any kind that could materially and adversely affect the value of the Property or prohibit the conveyance of a leasehold interest therein, nor to the best of City's knowledge, is there any governmental investigation of any type or nature pending or threatened against or relating to the Property or the transactions contemplated hereby. As used in this Section 2.2, the phrase "to City's knowledge" shall mean and refer to the actual knowledge of Bill Gallardo, without duty of inquiry or investigation.

2.2.9 Due Diligence Materials. City has provided to Developer full and complete copies of all studies reports and other due diligence documents and information pertaining to the Property that are in City's possession or control.

2.2.10 No Property Agreements. No portion of the Property is subject to any lease, license, option, or use agreement (any such agreement a "Property Agreement") and no person or entity other than City has any right to occupy or use the Property or any portion thereof.

Section 2.3 Project Scope; Design and Development Standards. The contemplated Project is described in Recital D and in the Ground Lease.

Section 2.4 Financing Plan; Project Schedule.

2.4.1 Preliminary Financing Plan. As set forth in the Preliminary Financing Plan set forth in the attached **Exhibit H**, Developer has preliminarily proposed financing the Project with a combination of a conventional construction loan that will convert to a permanent loan upon completion of construction, equity contributions from federal low-income housing tax credit investors, the City Loan, a loan from the County of Orange, a Cal Optima Health Grant Award.

2.4.2 Updated Financing Plan. Developer shall submit for City approval (such approval not to be unreasonably withheld, conditioned or delayed) Developer's updated plans for construction and permanent financing of the Project (the "**Updated Financing Plan**") and such

submission and approval shall be a condition to Closing. The Updated Financing Plan shall indicate all sources of funds necessary to pay, when due, and the estimated costs of the Project (including the hard and soft construction costs), and shall be accompanied by evidence that all such funds are subject to binding commitments, from Developer, equity investors, and lenders, subject only to commercially reasonable conditions. The Updated Financing Plan shall include development and operating pro-formas which set out in detail Developer's plan for financing the costs of leasing the Property, and constructing and operating the Project. In addition, if applicable, the Updated Financing Plan shall be accompanied by an updated project schedule for approval by City and, if approved, the post-closing construction schedule attached to the form of Ground Lease shall be revised accordingly.

2.4.3 City Review/Approval of Updated Financing Plan.

(a) City shall use good faith efforts to review the proposed Updated Financing Plan as soon as reasonably possible. Within 15 days after Developer's submittal, the City Manager shall approve or disapprove the Updated Financing Plan in writing, and in the event, of disapproval, shall set forth the objections. If the City Manager disapproves the Updated Financing Plan, Developer shall submit revisions that address the reasons for disapproval. The City Manager's failure to timely approve or disapprove the proposed Updated Financing Plan shall be deemed to be an approval by City.

(b) If Developer proposes to modify the Updated Financing Plan after it has been approved by City, Developer shall submit proposed modifications to City for review and approval (such approval not to be unreasonably withheld, conditioned or delayed). The same review and notice and amendment provisions set forth in the preceding paragraph shall apply to City's review of proposed modifications.

2.4.4 Tax Credit Funds and Other Financing Sources; Timing.

(a) Developer will submit applications to CTCAC, and other funding sources in accordance with the pre-closing schedule set forth in the attached **Exhibit B** in order to secure allocations of federal low-income housing tax credits, and if applicable, state tax credits, and other financing for the Project to enable construction to commence by the date that is 30 days after the Close of Escrow. Upon award of a preliminary reservation from CTCAC, Developer shall exercise diligent good faith efforts to obtain a funding commitment from a reputable equity investor. Developer's procurement of a CTCAC allocation and receipt of commitments from an equity investor, and the actual closing of loans from construction and permanent lenders sufficient to fully finance development of the Project are conditions precedent to the Closing (including City's obligation to lease the Property to Developer and provide the City Loan).

(b) The Closing must occur by the deadline in **Exhibit B**, and shall not be subject to delays for Force Majeure. However, provided Developer is in compliance with this Agreement, including diligently pursuing the financing required to develop the Project, as contemplated pursuant to subparagraph (a) above, the City Manager may grant two one-year written extensions to such deadline.

(c) If the Closing does not occur by the Closing deadline set forth in **Exhibit B** (as such deadline may be extended pursuant to subparagraph (b) above), either Developer or City shall have the right, by delivery of written notice to the other party, to terminate this Agreement, subject to any provisions and obligations which state that they survive termination.

ARTICLE III

LEASE OF THE PROPERTY; CONDITIONS PRECEDENT TO CLOSING

Section 3.1 Lease of Property; Review of Title. Within five days after the Effective Date, Developer shall obtain from Title Company a preliminary title report describing the state of title of the Property (“**Preliminary Title Report**”). Developer shall notify City in writing (“**Developer’s Objection Notice**”) of any objections Developer may have to title exceptions contained in the Preliminary Title Report not later than 30 days following the Effective Date (“**Title Review Period**”). In the event Developer fails to deliver Developer’s Objection Notice prior to the expiration of the Title Review Period, Developer shall conclusively be deemed to have approved the state of title of the Property. City shall have a period of five business days after receipt of Developer’s Objection Notice in which to deliver written notice to Developer (“**City’s Notice**”) of City’s election to either: (i) remove the objectionable items prior to the Close of Escrow; or (ii) decline to remove any such title exceptions and terminate the escrow and this Agreement. If City fails to deliver City’s Notice within such period, City shall be deemed to have elected to decline to remove such title exceptions and terminate the escrow and this Agreement. If City notifies or is deemed to have notified Developer of its election to terminate the escrow rather than remove the objectionable items, Developer shall have the right, by written notice delivered to City not later than 60 days following the Effective Date, to agree to accept the Property subject to the objectionable items. In such event City’s election to terminate the escrow shall be of no effect, and Developer shall acquire its leasehold interest in the Property at the Close of Escrow subject to such objectionable items. Notwithstanding the foregoing, City shall, on or before the Close of Escrow, remove all deeds of trust and financing statements as an encumbrance to title, without the necessity for an objection by Developer. Upon the issuance of any amendment or supplement to the Preliminary Title Report which has additional exceptions for matters not shown on the original Preliminary Title Report, the foregoing right of review and approval shall also apply to such amendment or supplement (provided that the period for Developer to review such amendment or supplement shall be the later of the expiration of the Title Review Period or five days from receipt of the amendment or supplement). If Developer properly notifies City of its disapproval of the state of title to the Property on or before the expiration of the Title Review Period (or such longer period as may be provided in the immediately sentence), this Agreement and the escrow shall terminate.

Section 3.2 Ground Lease/Possession at Closing. On the Closing Date, City shall deliver possession of the Property to the Developer pursuant to the Ground Lease.

Section 3.3 Ground Lease/Prepayment of Rent. At the Closing, Developer shall pay the sum of \$99 to City as prepaid rent under the Ground Lease (through escrow or outside of escrow).

Section 3.4 Escrow. City and Developer shall open escrow at the office of Commonwealth Land Title Company or such other title company as the Parties may agree upon (“**Escrow Agent**” or “**Title Company**”) in order to consummate the lease of the Property to Developer and the Close of Escrow.

Section 3.5 Costs of Closing and Escrow; Legal Fees. Developer shall pay all title insurance premiums for title policies Developer elects to purchase in connection with the lease of the Property and the financing of the Project, and Developer shall pay all recording fees, transfer taxes, escrow fees, and closing costs incurred in connection with the lease of the Property and the financing of the Project. Developer shall pay for the cost of the lender’s policy of title insurance that must be issued to City insuring City’s deed of trust which secures the City Loan. Property taxes and assessments shall be prorated as of the Closing Date. City and Developer shall provide Escrow Agent with a copy of this Agreement, which together with such supplemental instructions as City or Developer may provide and which are consistent with this Agreement, or which are otherwise mutually agreed upon by City and Developer, shall serve as escrow instructions for the Close of Escrow.

Section 3.6 Closing Deadline. The Closing Date shall occur on or before the deadline set forth in **Exhibit B** as such deadline may be extended pursuant to Section 2.4.4(b) above), or if earlier, within 30 days following the satisfaction or waiver of all conditions precedent to the Close of Escrow as set forth in Sections 3.8 and 3.9.

Section 3.7 Closing Deliveries; Recording. Prior to the Close of Escrow, Developer shall deliver the executed City Loan Note, Ground Lease, and Assignment to City, and shall deposit into escrow the recordable City Documents to which Developer is a party, executed and acknowledged as applicable, Developer’s share of closing costs, and funds in the amount required to pay all rent due under the Ground Lease (i.e., \$99), and all other costs and expenses payable by Developer pursuant to this Agreement and the City Documents. Provided that all conditions precedent to Close of Escrow have been satisfied or waived, City shall deposit into escrow executed copies of the recordable City Documents to which City is a party. On the Closing Date, the Escrow Agent shall cause the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and then the Deed of Trust, in that order, without intervening recordings, to be recorded in the Official Records (it being understood that any subordination of the City’s Deed of Trust must be evidenced by a reasonable, recorded subordination agreement approved and signed by the City Manager).

Section 3.8 City’s Conditions to Closing. City’s obligations to lease the Property to Developer and close the City Loan (i.e., the “Closing”) are conditioned upon the satisfaction of the terms and conditions set forth in this Section 3.8, unless any such condition is waived in writing by the City Manager, which may be given or withheld in the City Manager’s sole and absolute discretion.

3.8.1 No Default. There shall exist no condition, event or act which would constitute a breach or default by Developer under this Agreement or any other City Document, or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

3.8.2 Representations. All representations and warranties of Developer contained herein or in any other City Document or certificate delivered in connection with the transactions contemplated by this Agreement shall be true and correct in all material respects as of the Close of Escrow.

3.8.3 Due Authorization and Good Standing; Organizational Documents. Developer shall have delivered to City copies of all of the following, including updated versions of any of the following that have been amended or modified since the date of any prior delivery of such documents to City: (i) Developer's good standing certificate and articles of incorporation, each certified by the Secretary of State; and (ii) Developer's bylaws/operating agreement, and resolutions authorizing Developer's execution of and performance under this Agreement and the other City Documents, each certified by an officer or other authorized party as accurate, complete, and in full force and effect.

3.8.4 Execution, Delivery and Recordation of Documents. Developer shall have executed, acknowledged as applicable, and delivered all documents required in connection with the contemplated transactions, including the City Note, the Deed of Trust, the Assignment, the Affordable Housing Agreement, the Notice, the Ground Lease, and a Memorandum of Lease substantially in the form attached as an exhibit to the Ground Lease ("**Memorandum of Lease**").

3.8.5 Lender's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an ALTA Lender's Policy of Title Insurance for the benefit and protection of City ("**Lender's Title Policy**") in the amount of the City Loan, insuring that the Deed of Trust is recorded against Developer's leasehold interest in the Property, subject only to senior liens, title exceptions and such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as City may approve in writing and containing such endorsements as City may reasonably require, with the cost of such Lender's Title Policy to be paid by Developer.

3.8.6 Financing Plan. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the Updated Financing Plan, including the sources of construction and permanent financing, and the construction and operating budgets for the Project.

3.8.7 Commitment/Closing of all Other Loans and Equity Funds. All loans and commitments of equity for the construction of the Project shall have closed or shall close concurrently with the closing of the City Loan and the leasing of the Property (i.e., the delivery of Ground Lease and recording of Memorandum of Lease), and Developer shall have provided City with reasonable evidence of committed equity funds necessary for the Project.

3.8.8 Construction Contract, Plans. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final Construction Plans and specifications for the Project. Developer shall have delivered an executed copy of the construction contract for the Project to the City, which must be consistent with the Updated Project Budget approved by City.

3.8.9 Completion Guaranty. Developer shall have provided to City a completion guaranty in a form reasonably acceptable to City executed by Developer.

3.8.10 Settlement Statement. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final settlement statement for the Close of Escrow.

3.8.11 Insurance. Developer shall have provided to City the evidence of the insurance required of Developer under the Ground Lease.

3.8.12 Marketing and Management Plans. Developer shall have submitted initial drafts of the Residential Marketing Plan and the Property Management Plan.

3.8.13 Other Documents. Developer's delivery to City, and City approval (with such approval not to be unreasonably withheld, conditioned or delayed) of such other documents related to the development and financing of the Project as City may reasonably request.

3.8.14 Surplus Land Act. City's determination that the Property is "exempt surplus land" shall have been confirmed by the California Department of Housing and Community Development.

Section 3.9 Developer's Conditions to Closing. Developer's obligation to proceed with the leasing of the Property is subject to the satisfaction or Developer's waiver, which may be given or withheld in Developer's sole and absolute discretion, of the following conditions:

3.9.1 No Default. City shall not be in default under the terms of this Agreement, and all representations and warranties of City contained in this Agreement shall be true and correct;

3.9.2 Execution of Documents. City shall have executed and acknowledged the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and all other City Documents to which the City is a party, and shall have delivered such documents into escrow, and City shall have executed the Ground Lease and shall have delivered the Ground Lease to Developer; and

3.9.3 Owner's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an Owner's Title Insurance Policy for the benefit and protection of Developer ("**Owner's Title Policy**") showing a leasehold interest in the Property vested in Developer, subject only to the exceptions approved by Developer pursuant to Section 3.1 above and containing such endorsements as Developer may reasonably require, with the cost of such Owner's Title Policy to be paid by Developer.

3.9.4 Financing Plan. Developer shall have approved the Updated Financing Plan, including the sources of construction and permanent financing, and the construction and operating budgets for the Project, and all construction financing shall be ready to close as of the Close of Escrow.

3.9.5 Settlement Statement. Developer shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final settlement statement for the Close of Escrow.

3.9.6 Permits and Land Use Approvals. Developer shall have obtained all rezoning and other land use approvals and all permits (or permit ready letters) required to construct the Project (or with respect to permits, they are capable of being issued subject only to payment of fees that will be paid through escrow at the Close of Escrow).

Section 3.10 City Covenants Prior to Closing Date.

3.10.1 City to Maintain Insurance. City shall maintain its current property insurance in effect as of the Effective Date throughout and until the Closing Date.

3.10.2 No New Property Agreements. City shall not, without Developer's prior written consent, which consent may be given or withheld in Developer's sole and absolute discretion, enter into any Property Agreement or any other agreement affecting in any way the Property or any portion thereof.

ARTICLE IV

CITY LOAN

Section 4.1 City Loan. Upon satisfaction of the conditions precedent set forth in Sections 3.8 and 3.8, City agrees to provide the City Loan to Developer upon the terms and conditions, and for the purposes set forth in, this Agreement and the City Loan Note.

Section 4.2 Loan Terms.

4.2.1 Disbursements; Use of Proceeds. City shall disburse proceeds of the City Loan to Developer on a draw-down basis, to pay Project costs (both hard and soft costs). Developer shall submit requests for disbursement in writing, on a form reasonably acceptable to City, along with reasonable documentation evidencing the costs to be paid by such requested funds. City shall disburse requested funds to Developer within 15 days following City's receipt of a disbursement request submitted by Developer pursuant to this Section 4.2.

4.2.2 Determination of Interest Rate. The principal balance of the City Loan outstanding from time to time will bear interest at a rate to be determined by City based upon Project feasibility and ability to meet the "true debt" test, but which shall be not more than 3% simple annual interest, except during such periods that the default rate of interest specified in the City Loan Note applies. If Developer requests a reduction in interest rate to less than 3% simple annual interest, Developer shall be required to demonstrate to City's reasonable satisfaction that: (i) such lower interest rate is necessary to achieve Project feasibility or satisfy the "true debt" test; (ii) Developer has engaged in good faith negotiations with other public agency lenders and has obtained interest rate concessions from such lenders comparable in scope to the requested reduction in the interest rate for the City Loan Note; and (iii) no loan provided by any sponsor or general partner of Developer will bear interest at a rate higher than the rate requested for the City Loan Note.

4.2.3 Other Terms of City Loan. The other terms of the City Loan are set forth in the City Loan Note (and the Deed of Trust and Assignment).

Section 4.3 **Security; Subordination Agreements.** Repayment of the City Loan Note shall be secured by the Deed of Trust which shall be executed by Developer and recorded against Developer's leasehold interest in the Property at the Close of Escrow, and the Assignment which shall be executed by Developer and delivered directly to City as a condition to Closing. The City Manager may execute and deliver reasonable recordable subordination agreements (with respect to the City Deed of Trust) required by other secured lenders described in the City-approved final Financing Plan as a condition to their loans.

Section 4.4 **No Obligation to Close Escrow After Default.** Notwithstanding any other provision of this Agreement, City shall have no obligation to authorize the Close of Escrow or the disbursement of Loan Proceeds following: (i) the knowing or intentional failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement to be true and correct in all material respects; (ii) the termination of this Agreement; or (iii) the occurrence of a default under any City Document which remains uncured following written notice and beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute a default under any City Document.

ARTICLE V

DEVELOPMENT AND USE OF THE PROPERTY

Section 5.1 **Development Schedule; Development/Construction.** The terms of the Ground Lease shall govern the Developer's post-Closing construction of the Project. The schedule for construction of the Project is set forth as an exhibit to the Ground Lease.

Section 5.2 **Costs of Leasing and Construction.** With the exception of the City Loan, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the construction and development of the Project, the acquisition of its ground leasehold interest and space leasing of the Property (including appraisal fees, title reports and any environmental assessments), and compliance with the Conditions of Approval, including all off-site and on-site improvements required by City. All such costs shall be borne solely by Developer and shall not be an obligation of City.

Section 5.3 **Permits and Approvals; Payment of Fees.** Developer acknowledges that the execution of this Agreement by City does not constitute City approval for the purpose of the issuance of building permits, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and to obtain from City and all other agencies with jurisdiction over the Property, all necessary approvals, entitlements, and permits for the construction of the Project (including the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the development of the Property (if any), and the approval of the Project in compliance with CEQA if applicable, and if applicable, NEPA), nor does it limit in any manner the discretion of City in the

approval process. Prior to the Close of Escrow, Developer shall have obtained all entitlements, permits, licenses and approvals required for the construction of the Project, including any fire safety permits required by the fire department, building permits, and use permits or shall provide evidence satisfactory to City that receipt of such permits and approvals is subject only to such conditions as City may approve. Developer shall pay when due all customary and usual fees and charges in connection with the processing of all applicable permits and approvals, but in any event all such fees and charges must be paid as a condition to the Closing (though they may be paid through escrow upon the Closing). Developer shall not commence construction work on the Project prior to issuance of building permits required for such work.

Section 5.4 Construction Plans. Developer shall submit to City's Building Department a complete building permit application, including detailed construction plans for the Project ("**Construction Plans**"). As used herein "Construction Plans" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include the on-site development plan, the construction management plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, building plans and specifications, plans for all off-site improvements necessary to develop and operate the Project as required by the Conditions of Approval, including utilities, curbs, gutters, sidewalks, and driveways along the Project frontages, and all items the City requires to be submitted in connection with applications for building permits. The Construction Plans shall be based upon the scope of development and development standards set forth in the Ground Lease and upon the approvals issued by City for the Project, and shall not materially deviate therefrom without the express written consent of City, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 5.5 Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction work on the Property, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

Section 5.6 City Approval of Residential Marketing Plan. Developer shall submit to City Manager for review and approval an initial residential marketing plan ("**Residential Marketing Plan**"), in a form reasonably acceptable to City and consistent with the provisions of the Affordable Housing Agreement. The City Manager's approval shall not be unreasonably withheld, conditioned or delayed. If the City Manager disapproves the Residential Marketing Plan, the City Manager shall do so by written notice to Developer stating the reasons for such disapproval. Once approved, any material changes to the Residential Market Plan shall be submitted to the City Manager for approval, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 5.7 City Approval of Property Management Plan. Within the time established in the Schedule of Performance, Developer shall submit to the City Manager for review and approval an initial property management plan that provides for management of the Property, including maintenance, inspection, and repair of the Improvements and landscaping on the Property ("**Property Management Plan**"). The City Manager's approval shall not be

unreasonably withheld, conditioned, or delayed. If the City Manager disapproves the Property Management Plan, the City Manager shall do so by written notice to Developer stating the reasons for such disapproval. Once approved, any material changes to the Property Management Plan shall be submitted to the City Manager for approval, which approval shall not be unreasonably withheld, conditioned or delayed.

ARTICLE VI

CONDITION OF THE SITE; ENVIRONMENTAL MATTERS

Section 6.1 Access to Site; Inspections. Prior to the Close of Escrow, Developer Parties may enter upon and conduct reviews and assessments of the physical and environmental condition of the Property and the condition of the existing improvements, and perform an ALTA survey. Developer shall provide City with the names of such authorized representatives, and proof of liability insurance reasonably acceptable to City, naming City as additional insured, prior to any such entry. Developer's inspection, examination, survey and review of the Property shall be at its sole expense. Developer shall provide to City solely as an accommodation and without any representation or warranty regarding the information contained therein, copies of all reports and test results promptly following completion of such reports and testing; provided that City acknowledges and agrees that City shall be solely responsible to obtain any approvals necessary to rely on any of said reports and/or test results. Twenty-four hours in advance of its intention to enter the Property, Developer shall notify City and provide workplans, drawings, and descriptions of any intrusive sampling it intends to do. Developer shall keep the Property in a safe condition during its entry. Developer shall repair, and to the extent reasonably practicable, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense. Developer shall not permit any mechanics liens, stop notices, or other liens or encumbrances to be placed against the Property prior to Close of Escrow. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel reasonably acceptable to City) and hold the Indemnitees harmless from and against all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, judicial or administrative proceedings, penalties, deficiencies, fines, orders, and damages (all of the foregoing, collectively, "**Entry Claims**") resulting from or arising in connection with entry upon the Property pursuant to this Section 6.1 except to the extent arising from the gross negligence or willful misconduct of any of the Indemnitees. Developer's indemnification obligations set forth in this Section 6.1 shall not apply to Entry Claims relating to the diminution in value of the Property solely resulting from Developer's mere discovery of Hazardous Materials or other conditions of the Property that existed prior to Developer's entry onto the Property, provided that no such condition is exacerbated due to the activities of any Developer Parties. Developer's indemnification obligations set forth in this Section 6.1 shall survive the Close of Escrow and the termination of this Agreement and shall be subject to the provisions of Section 10.2.

Section 6.2 Condition of Property.

6.2.1 City's lease of the Property to Developer shall be made "AS IS," with no warranties or representations by City concerning the condition of the Property, including the

presence or absence of any Hazardous Materials, except for such express representations and warranties made by City in the Ground Lease and this Agreement, including in Section 2.2.

6.2.2 Developer agrees and acknowledges that: (i) neither City, nor anyone acting for or on behalf of City, has made, and Developer has not relied on, any representation, statement, warranty or promise to Developer concerning the development potential or condition of the Property, except for such express representations and warranties made by City in the Ground Lease and this Agreement, including in Section 2.2; (ii) Developer has or will have independently verified all matters concerning the Property and that Developer shall lease the Property on its own prior examination thereof; and (iv) IN ENTERING INTO THE GROUND LEASE DEVELOPER SHALL BE LEASING THE PROPERTY, IN AN “AS IS” PHYSICAL CONDITION AND IN AN “AS IS” STATE OF REPAIR.

Section 6.3 Definitions.

6.3.1 **“Hazardous Material”** means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, infectious waste”, toxic substance”, toxic pollutant”, or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term “hazardous material” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

6.3.2 **“Environmental Laws”** means any and all federal, state and local statutes, ordinances, orders, rules, regulations, governmental directives, or any other requirements of governmental authorities with jurisdiction over the Property or Project, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Material, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 et seq.), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 et seq.).

ARTICLE VII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

Section 7.1 Identity of Developer; Changes Only Pursuant to this Agreement.

Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to City. It is because of these qualifications, experience, financial capacity and expertise that City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein. In addition, notwithstanding anything in this Agreement to the contrary, the following transfers shall be permitted without the prior consent of City:

7.1.1 Any transfer to a lender pursuant to a deed of trust or other security instrument as collateral for: (i) bona fide construction financing to pay all or any part of the Project costs; or (ii) a bona fide permanent loan.

7.1.2 Any transfer directly resulting from the foreclosure or deed in lieu of foreclosure of a deed of trust or other security instrument for a loan from a lender to the Project (and the first transfer by such lender or its nominee following such foreclosure or deed in lieu of foreclosure so long as such transferee assumes the obligations of Developer hereunder in connection with such first Transfer).

7.1.3 Any transfer of stock or equity in the Party that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.

7.1.4 The lease of residential units in the Project consistent with the Affordable Housing Agreement.

Section 7.2 Effect of Transfer without City Consent.

7.2.1 With the exception of any transfers for which City consent is not required pursuant to Section 7.1, in the absence of specific written agreement by City, no transfer by Developer shall be deemed to relieve Developer or any other party from any obligation under this Agreement.

7.2.2 It shall be an Event of Developer Default hereunder entitling City to pursue remedies including termination of this Agreement if Developer violates this Article 7.

ARTICLE VIII

SECURITY FINANCING AND SUBORDINATION OF CITY DEED OF TRUST

Section 8.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Improvements and Developer's leasehold interest in the Property only for the purpose of securing loans for the purpose of financing the design and construction of the Improvements, and other expenditures reasonably necessary for the development of the Project pursuant to this Agreement. No such instruments shall be recorded against City's fee interest in the Property. Developer shall not enter into any conveyance for such financing that is not contemplated in the applicable Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager (with all of such approvals not to be unreasonably withheld, conditioned or delayed). As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction or land development.

Section 8.2 Subordination. City agrees that it will not withhold consent to reasonable requests for subordination of the Deed of Trust to deeds of trust provided for the benefit of lenders providing construction and/or permanent financing for the Project that are identified in the approved final Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections for City in the event of default, including the provisions set forth in this Section. The Deed of Trust may only be subordinated to deeds of trust recorded to secure repayment of financing provided by state or federally chartered financial institutions, public agencies, and nonprofit corporations or other entities that are unaffiliated with Developer or any of its partners or their affiliated entities. Any subordination agreement must provide the following: (i) City shall be provided with a copy of any notice of default concurrently with the lender's provision of such notice to Developer; (ii) City shall have the right to cure any default of Developer; (iii) City shall be provided a 30-day period to cure any monetary default and a 60 day or longer period to cure any non-monetary default; (iv) the subordination will be effective only during the original term of the senior loan and any extension of the term approved by City in writing (such approval not to be unreasonably withheld, conditioned or delayed); (v) absent City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), the senior loan documents will not be amended to increase the amount, extend the maturity date, increase the interest rate, or increase the payment amounts due under the senior loan documents; and (vi) the subordination shall not limit the effect of the Deed of Trust prior to a senior lender's declaration of default and commencement of its remedies, nor require City to obtain the senior lender's consent prior to the City's exercise of remedies under the City Loan Note (other than City's commencement of foreclosure proceedings, for which the senior lender's consent may be required) or the Ground Lease (but the Ground Lease shall have reasonable mortgageability provisions, including lender cure rights).

Section 8.3 Holder Not Obligated to Construct. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated to complete construction of the Project (except that if such holder succeeds to the lessee's interest under the Ground Lease, the failure to timely cure a default under the terms of the Ground Lease relating to construction of the Project shall entitle City, as landlord, to terminate the Ground Lease), or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to

devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Section 8.4 Modifications to Ground Lease. City shall not unreasonably withhold its consent to modifications of the Ground Lease form requested by Project lenders or investors provided such modifications do not materially adversely affect City's substantive rights or increase City's obligations under this Agreement or the form of Ground Lease attached hereto.

Section 8.5 Estoppel Certificates. Either Party shall, at any time, and from time to time, within 15 days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the actual knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case); (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments; and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

Section 9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer hereunder ("**Developer Event of Default**"):

9.1.1 A transfer occurs, either voluntarily or involuntarily, in violation of Article VII, and Developer fails to undo such transfer within 30 days after written notice thereof from City to Developer;

9.1.2 Developer breaches any obligation of Developer herein, and fails to cure such obligation within 30 days after written notice thereof from City to Developer; provided, however, that if such cure cannot reasonably be completed within 30 days, Developer shall not be in default if it commences to cure such obligation within such 30 day period and diligently prosecute such cure to completion;

9.1.3 Developer fails to timely close the transaction described in this Agreement for any reason other than: (i) a default by City; (ii) the failure of a condition in favor of Developer pursuant to Section 3.10 to have been satisfied, or waived by Developer; or (iii) the failure of a condition in favor of Developer pursuant to Section 3.9 to have been satisfied, or waived by City;

9.1.4 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to City in connection with this Agreement proves to have been knowingly or intentionally incorrect in any material respect;

9.1.5 If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer or any general partner thereof: (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an

involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

9.1.6 A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer, in each case if such decree, order, petition, or appointment is not removed or rescinded within 120 days;

9.1.7 Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within 90 days after such event (unless a lesser time period is permitted for cure pursuant to any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

9.1.8 Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated.

Section 9.2 City Default. An event of default on the part of City ("City Event of Default") shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of 30 days after written notice thereof from Developer to City.

Section 9.3 City's Right to Terminate Agreement. If a Developer Event of Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

Section 9.4 City's Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of a Developer Event of Default, City shall have all remedies available to it under this Agreement or under law or equity.

Section 9.5 Developer's Remedies Upon a City Event of Default. Upon the occurrence of a City Event of Default, Developer shall have all remedies available to it under this Agreement or under law or equity, including bringing an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions. Notwithstanding the preceding, each Party covenants not to sue for damages, or claim any damages, for any default.

Section 9.6 Remedies Cumulative. Except as otherwise expressly stated 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 shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party.

Section 9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

Section 9.8 Construction Plans. If this Agreement is terminated by mutual agreement of the Parties or by City as a result of a Developer Event of Default, pursuant to, and in accordance with the Assignment securing the Predevelopment Loan, Developer, at no cost to the City, shall deliver to City copies of all construction plans and studies in Developer's possession or in the possession of the Developer's consultants related to development of the Project on the Property, including without limitation, the Construction Plans.

ARTICLE X

INDEMNITY AND INSURANCE

Section 10.1 Indemnity. To the greatest extent allowed by law, Developer shall indemnify, defend (with counsel reasonably acceptable to City) and hold the Indemnitees harmless from and against any and all Claims (including without limitation, Claims arising from any injury, death, property damage, or loss of property) arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's performance or failure to perform under this Agreement, including without limitation, Claims arising in connection with any violation of Applicable Laws by Developer. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of any of the Indemnitees. Developer's obligations under this Section 10.1 shall survive the expiration or earlier termination of this Agreement and are subject to the provisions of Section 10.2.

Section 10.2 Terms Applicable to Indemnity Provisions. The terms set forth in this Section 10.2 shall apply to all provisions of this Agreement that pertain to Developer's obligations to indemnify City and the other Indemnitees, including Sections 6.1, 10.1, 10.2, and 11.1. In connection with each such provision, all of the following shall apply:

10.2.1 City does not and shall not waive any rights against Developer that it may have by reason of any indemnity and hold harmless provision set forth in this Agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2.2 Developer's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following: (i) any amendment or modification of any City Document; (ii) any extensions of time for performance required by any City Document; (iii) any provision in any

of the City Documents limiting City's recourse to property securing the City Loan, or limiting the personal liability of Developer, or any other party for payment of all or any part of the City Loan; (iv) the accuracy or inaccuracy of any representation and warranty made by Developer under this Agreement or by Developer or any other party under any City Document (but not including any representations and warranties made by City under this Agreement), (v) the release of Developer or any other person, by City or by operation of law, from performance of any obligation under any City Document; (vi) the release or substitution in whole or in part of any security for repayment of the City Loan; and (vii) City's failure to properly perfect any lien or security interest given as security for repayment of the City Loan.

10.2.3 The obligation of Developer to indemnify the Indemnitees shall survive any repayment or discharge of the indebtedness evidenced by the City Loan Note, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, any release of record of the lien of the Deed of Trust, and the expiration or earlier termination of this Agreement and the Ground Lease.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the close of escrow and the expiration or earlier termination of this Agreement.

Section 11.2 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) reputable overnight courier that provides a receipt with the date and time of delivery, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

If to City:	City of Brea 1 Civic Center Circle Brea, CA 92821 Attention: City Manager
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If to Developer: Prior to completion of construction:

JHC-Acquisitions LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Chief Development Officer

Following completion of construction:

JHC-Acquisitions LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Asset Management

Section 11.3 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder.

Section 11.4 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 11.5 Binding on Successors. Subject to the restrictions on transfers set forth in Article VII, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

Section 11.6 Survival. All representations made by Developer hereunder shall survive until the earlier of the Close of Escrow or the termination of this Agreement. Developer's indemnity and defense obligations hereunder, and all other provisions that expressly so state, shall survive the expiration or termination of this Agreement.

Section 11.7 Interpretation; Statutory References. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it. All references in the City Documents to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Brea shall be deemed to include the same statute, regulation,

ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject. Unless otherwise indicated, references to "Section ___" shall refer to provisions of this Agreement. The terms "include," "includes" and "including" are non-exhaustive. The term "shall" is mandatory and the term "may" is permissive.

Section 11.8 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

Section 11.9 City Attorney Authority. Prior to execution by City, without further review and approval by the City Council, the City Attorney may make non-monetary revisions to the City Documents as necessary or appropriate to protect City's interests and facilitate the contemplated transactions. For purpose of this Section, "non-monetary" means a revision that does not have a financial impact on City.

Section 11.10 Entire Agreement. This Agreement (including the attached Exhibits), together with the other City Documents, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof. If the Exhibits to this Agreement are inconsistent with this Agreement, the more restrictive requirements shall control, as reasonably determined by the City Manager. In the event of a conflict between this Agreement and the other City Documents, the more restrictive requirements shall control, as reasonably determined by the City Manager.

Section 11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile or electronic mail and shall be deemed as binding as if an originally signed counterpart was delivered.

Section 11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

Section 11.13 No Third-Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

Section 11.14 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Developer and City is and shall remain solely that of a debtor and a creditor (or landlord and tenant, under the Ground Lease), and shall not be construed as a joint venture, equity venture, partnership or any other

relationship. City neither undertakes nor assumes any responsibility or duty to Developer (except as expressly provided in this Agreement) or to any third party with respect to the Project or the City financing described herein. Developer and its employees are not employees of City but rather are, and shall always be, considered independent contractors. Furthermore, Developer and its employees shall at no time hold themselves out as employees or agents of City. Developer shall not have any authority to act as an agent of City or to bind City to any obligation.

Section 11.15 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a “business day” means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of the State of California.

Section 11.16 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Orange County, California or in the Federal District Court for the Southern District of California.

Section 11.17 Political Activity. None of the funds, materials, property or services contributed by City to Developer under this Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

Section 11.18 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Developer in the event of any default or breach by the City or for any amount which may become due to the Developer or its successor or on any obligation under the terms of this Agreement.

Section 11.19 Conflict of Interest.

11.19.1 Except for approved eligible administrative or personnel costs, no person described in subsection 11.19.2 below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person’s tenure. Developer shall exercise due diligence to ensure that the prohibition in this Section is followed.

11.19.2 In accordance with Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.), no person who is a director, officer, employee or consultant of the City or a City board, commission or committee, or immediate family

member of any of the preceding, shall make or participate in a decision, made by any of such entities, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person.

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

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

DEVELOPER:

JHC-ACQUISITIONS LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit public benefit
corporation

By: _____
Michael Massie, Chief Development
Officer

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EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY
(Attached)

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EXHIBIT B

PRE-CLOSING SCHEDULE (INCLUDING CLOSING DEADLINE)

Opening Escrow	30 days after tax credits are awarded
Delivery of Draft Property Management Plan and Draft Residential Marketing & Leasing Plan	Prior to Closing
Execution and Delivery of Construction Contract, and delivery to City of all other Developer deliverables required as a condition to Closing	Prior to Closing
Evidence of Financing	Developer shall use its commercially reasonable efforts to obtain, by the earliest reasonable date, financing for the Project and shall apply for federal Tax Credits with the California Tax Credit Allocation Committee ("CTCAC") in successive rounds through and including, as necessary, each round prior to the Closing Deadline
Entitlements/Permits	Prior to Closing (fees may be paid through escrow at Closing)
Closing Deadline	Three (3) years following the Effective Date.

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EXHIBIT C
FORM OF CITY PROMISSORY NOTE

(Attached)

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SECURED PROMISSORY NOTE

(City Loan)

_____, 2024

\$4,457,483.00

Brea, California

FOR VALUE RECEIVED, _____, L.P., a California limited partnership (the “**Maker**”), having an address of 17701 Cowan Avenue, Suite 200, Irvine, CA 92614, promises to pay the CITY OF BREA, or order (“**Holder**”), the initial principal sum of FOUR MILLION FOUR HUNDRED FIFTY-SEVEN _____ THOUSAND FOUR HUNDRED EIGHTY-THREE DOLLARS AND NO/100 (\$4,457,483.00), which has already been disbursed to Maker, with simple interest at the rate of _____ Percent (%) per annum on all principal from and after the date it is disbursed. As of the date of this Note, the outstanding principal balance hereof is \$_____.00.

1. **DDLA; Construction Loan; Disbursements of Principal.**

a. This Note is made pursuant to Section 4.1 of that Disposition, Development and Loan Agreement dated as of _____, 2024 (the “**DDLA**”) between Holder and Maker. All capitalized terms not otherwise defined herein shall have the meaning set forth in the DDLA.

b. Disbursements of the principal of this Note shall be made in accordance with and subject to Section 4.2.1 of the DDLA.

c. Pursuant to the DDLA, Maker and Holder have entered into a ground lease (“**Ground Lease**”) under which Maker has acquired a ground leasehold interest in that certain real property defined in the DDLA as the “**Property**”, and will construct on the Property a multi-family residential project (the “**Project**”) consisting of thirty-nine (39) residential units (the “**Units**”), as described in the Ground Lease.

2. **Security for Note.**

The obligations of Maker under this Note to pay principal and interest are secured by a leasehold deed of trust, assignment of rents, security agreement and fixture filing (the “**Deed of Trust**”) from Maker to Holder encumbering Maker’s interest under the Ground Lease and, among other things, Maker’s interest in the improvements and fixtures now existing or hereafter constructed upon the Property. Payment of this Note is also secured by an Assignment of Architects/Engineers Agreements and Plans and Specifications, with Consents executed by Maker in favor of Holder (“**Assignment**”).

3. **Payments; Mandatory Prepayment; Maturity Date.**

a. Payment shall be made in lawful money of the United States to Holder at 1 Civic Center Circle, Brea, CA 92821, Attention: City Manager. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

b. Within 10 business days after Maker's limited partner pays its capital contribution following issuance of the IRS Form 8609 for the Project, Maker shall pay to Holder as a prepayment and reduction of the outstanding principal balance of this Note, a one-time payment in the amount of 50% of the Excess Proceeds; provided, however, that if other public agency construction lenders require payment of Excess Proceeds, then Excess Proceeds shall be payable to Holder and such other public agencies pro rata in proportion to their initial maximum loan amounts for the Project.

c. As used in the preceding paragraph, the term "Excess Proceeds" shall mean the sum of all sources of funding received by Maker to finance the operation of the Property or the construction of the Project, less the sum of actual uses of such funding for the Project, as shown by reasonable evidence delivered to Holder. For the purpose of calculating Excess Proceeds, Project sources of funding shall include any net rental income received prior to the date that the Project's conventional construction loan (excluding the City Loan) converts to a permanent loan, and any deferred developer fee, and shall take into consideration any reduction or increase in equity contributions by the limited partner.

d. Additionally, periodic payments of interest and principal shall be made to Holder from "Holder's Pro-Rata Share" of "Surplus Cash", defined in Section 4 below, except as otherwise provided in the last two paragraphs of Section 4 below with respect to "Excess Proceeds".

e. To the extent there is Surplus Cash available from the Project, Maker shall pay to Holder, on an annual basis, payments of Holder's Pro-Rata Share of all such Surplus Cash (as defined below). The first payment under this Note shall be due on the first August 1 after the earlier of (i) six months after the issuance of a certificate of occupancy for any portion of the Project or (ii) closing of permanent financing for the Project as determined in good faith by Holder. Each subsequent payment shall be due on August 1 of each calendar year thereafter.

f. Any unpaid principal amount owing from year to year shall continue to accrue interest. All payments made hereunder shall be credited first to any accrued but unpaid interest, then to current interest due and owing and lastly to principal. Interest not paid current shall accrue and shall not be compounded.

g. Notwithstanding the foregoing, the entire outstanding balance of principal and interest owing under this Note shall be due and payable on the date that is fifty-five (55) years from the date hereof.

4. **Definitions of Holder's Pro-Rata Share; Surplus Cash; and Excess Refinancing Proceeds.**

a. The term "Holder's Pro-Rata Share" shall mean _____ percent (___%).

[This percentage is fifty percent (50%), divided by (ii) a fraction, the numerator of which is the maximum principal amount of the loan evidenced by this Note, and the denominator of which is the sum of the maximum principal amounts of all loans to Maker by governmental entities that are secured by Maker's interest in the Project and which are construction loans

for the Project, and on which are to be made by payments from a percentage of “Surplus Cash” (calculated the same way as the percentage payable to Holder)].

b. The term “Surplus Cash” shall mean the sum of money computed on a 12 month basis based on the Maker’s fiscal year (which is January 1 to December 31) as follows:

All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any Excess Refinancing Proceeds (hereinafter defined) derived from any refinancing of the Project but excluding initial loan proceeds, insurance proceeds and partner capital contributions and also excluding all of the following: (i) all customary and reasonable costs and expenses in connection with the operation and maintenance of the Project; (ii) a property management fee in the amount of \$_____, adjusted annually by 3.5%, beginning on the first anniversary date of this Note; (iii) principal and interest paid by Maker on account of any loan(s) or other obligations approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed) (but not payments based on Surplus Cash, residual receipts, net cash flow or similar payments on loans); (iv) amounts (previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)) expended to restore the Project after a casualty loss or condemnation; (v) reasonable and customary cost for accounting and auditing the books and records of the Project; (vi) an administrative or asset management fee charged by a tax credit investment partner not to exceed \$_____ adjusted annually by 3%; (vii) any deferred developer fee (where such deferred developer fee was previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)); (viii) a management fee (“**Partnership Management Fee**”) not to exceed \$_____ (which amount may be adjusted annually by 3%, beginning on the first anniversary date of this Note and on each anniversary thereafter) ; such Partnership Management Fee is paid to the general partner for performing its general partnership duties, including but not limited to reviewing the monthly operating budget; overseeing the performance of the property manager; meetings, coordination and conflict resolution with the adjacent property owner; review and approval of the annual operating budget; prepare, review and approval of annual partnership reports; review and approval of tax returns; coordination with the investor limited partner; and resolution of miscellaneous issues normally associated with the ownership and operation of multi-family housing; (ix) salary and benefit costs for the social services staff personnel accounted for in the annual operating budget, to serve the residents and tenants of the Project, in an amount of \$_____, adjusted annually by 3%, beginning on the first anniversary date of this Note; (x) amounts (previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed), or as required by any senior lender or the investor limited partner)) reserved by Maker as an

operating contingency reserve account and a replacement reserve account (and deposited in an account approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)) and any other reserves required by the tax credit investment partner or other senior financing secured for the Project, or included in the annual operating budget approved by Holder; (xi) any adjuster payments to the investor limited partner required under Maker's partnership agreement; (xii) payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and/or operating deficit loans relating to the Project; (xiii) reasonable and customary professional fees for legal and similar customary administrative expenses; (xiv) taxes; and (xv) franchise tax filing fees.

c. The following shall not be deductions in the calculation of Surplus Cash, and will be payable from Maker's share of residual receipts: (i) any incentive management fee, (ii) any amount in excess of the permitted partnership management fee and asset management fee, (iii) contributions to reserve accounts in excess of the amounts specified above unless required by any senior lender or the investor limited partner, (iv) expenses paid with withdrawals from reserve accounts, (v) distributions to partners, and (vi) depreciation, amortization, depletion, and other non-cash expenses.

d. The term "Excess Refinancing Proceeds" used in the definition of Surplus Cash above shall mean refinancing proceeds less (a) the amount of the repayment of the refinanced debt, (b) all reasonable out-of-pocket costs and expenses paid by Maker to third parties in obtaining such refinancing, (c) all costs and expenses paid by Maker for all capital improvements to the completed Project completed by Maker in accordance with the terms of any senior loan documents or consented to in writing by Holder for which Maker's funds and not loan or grant funds are used (and for purposes of this clause (c), such costs may include, without limitation, reasonable architects' and engineers' fees and other reasonable "soft" costs relating to the making of such permitted capital improvements), (d) any amounts required to be paid to any senior lender in connection with such refinancing, and (e) the amount by which the Maker's increases its reserves for the Project as a condition imposed by the refinancing lender.

5. **Reporting; Annual Statements; Annual Budget; Audit Rights.**

a. Maker shall deliver annual income/expense statements showing all revenues and expenses of the Project, on a line item basis. An audited income statement shall be delivered by August 1 following each calendar year along with payment of the Surplus Cash. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of Surplus Cash. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have 30 days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Surplus Cash, an independent auditor mutually selected by Holder and Maker shall resolve any disputed items. If the independent auditor determines that Maker's statement underreported the amount of the Residual Receipts by more than 3%, the cost of the auditor shall be paid solely by Maker. If the independent auditor determines that Maker's statement did not underreport the amount of the Residual Receipts, the cost of the auditor shall be paid solely by Holder. Except in

the event that Maker or Holder are solely responsible for the costs of the auditor pursuant to one of the foregoing sentences, the cost of the auditor shall be shared equally by Maker and Holder.

b. Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project for the following calendar year by no later than December 1 of each year until this Note is paid in full. The proposed budget shall include a line item showing the projected Surplus Cash from the Project for the year. Holder will review the proposed budget and, if reasonably acceptable, approve it in writing, which approval shall not be unreasonably withheld, conditioned or delayed. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this paragraph is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Surplus Cash from the Project. Once approved, any changes to any budget line item relating to discretionary items which exceed ten percent (10%) Of the line item shall require Holder's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

6. **Holder Rights to Accelerate Maturity Date.**

Notwithstanding anything to the contrary provided herein, Holder may elect that the entire unpaid principal of this Note and accrued interest thereon shall be due and payable if: (i) an Event of Default (as defined in the Ground Lease) by Maker (as the tenant under the Ground Lease) occurs under the Ground Lease; or (ii) Maker or any successor-in-interest or assignee is in default under this Note, or the Deed of Trust securing this Note, or under the Affordable Housing Covenant, and such default is not cured within 30 days after written notice from Holder to Maker (provided that if Maker promptly commences the cure of a non-monetary default, then Maker shall not be in default so long as Maker diligently prosecutes it to completion).

7. **Limited Partner Cure Rights.**

Holder shall also deliver a copy of all default notices under this Note to Maker's limited partner _____ at _____. Any partner of Maker shall have the right to cure any default within the applicable cure periods set forth above, whether in its own capacity or on behalf of Maker, and Holder shall accept such cure as if tendered by Maker. However, failure by Holder to deliver such notice to Maker's limited partner shall not be a default by Holder.

8. **Maker Covenants to Comply with Affordable Housing Covenant and Ground Lease.**

Maker hereby covenants and agrees that it shall comply with the Ground Lease and the Affordable Housing Covenant, including the provisions of the ground lease relating to maintenance and repair of the Project, subject to any applicable notice of default and any applicable cure period thereunder.

9. **No Waiver by Holder; Remedies Cumulative.**

Holder's failure or delay in the exercise of any right or remedy hereunder or under any the Deed of Trust, Assignment, Ground Lease or Affordable Housing Agreement shall not waive or otherwise affect any right or remedy, and all remedies shall be cumulative to the extent permitted by law.

10. **Default Interest Rate.**

At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of: (i) the highest rate then allowed by law or (ii) 2% over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

11. **Maker Waivers.**

Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

12. **Holder Costs, Expenses.**

Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default (following Holder's written notice of such default and expiration of the applicable cure period) this Note be placed in the hands of an attorney or attorneys for collection, or (ii) if after a default hereunder or under the Deed of Trust, the Assignment, the Ground Lease, or the Affordable Housing Agreement (following Holder's written notice of such default and expiration of the applicable cure period), Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, Assignment, the Ground Lease or other loan document.

13. **Notices.**

Any notices provided for in this Note shall be given in accordance with the notices provision of the Ground Lease.

14. **Applicable Law.**

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

15. **Severability.**

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

16. **Nonrecourse.**

This Note is a nonrecourse obligation of Maker and Maker's partners, and the Holder must resort only to the Project or Maker's leasehold interest in the Property, or both, for repayment should Maker fail to repay the sums evidenced hereby. Neither Maker nor any of its general and limited partners shall have any personal liability for repayment of the City Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud or intentional material misrepresentation.

MAKER:

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EXHIBIT D
FORM OF DEED OF TRUST
(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF
RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

(CITY LOAN)

This LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING, together with the Addendum to Leasehold Deed of Trust attached hereto as Exhibit "B" and made a part hereof (the "**Leasehold Deed of Trust**"), is dated as of _____, and is executed and delivered by _____, L.P., a California limited partnership, whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614 ("**Trustor**"), to and in favor of the CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Trustee**") and for the benefit of CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Beneficiary**").

Trustor, as tenant, and Beneficiary, as landlord, have entered into a Ground Lease dated substantially concurrently herewith (including any future amendments, the "**Ground Lease**") evidenced by a Memorandum of Ground Lease recorded in the Official Records of Orange County, California, substantially concurrently herewith, under which Trustor has acquired a leasehold estate in real property on which Trustor is constructing a low income affordable housing development. The loan from Beneficiary to Trustor secured by this Deed of Trust is a construction and development loan (which in effect becomes a long term permanent loan upon completion of the improvements). Other lenders may obtain security interests (by virtue of leasehold deeds of trust) in the Trustor's interest under the Ground Lease, and this Deed of Trust may be subordinated to one or more of such other deeds of trust by virtue of recorded subordination agreements executed by Beneficiary and such other lender(s).

Trustor irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under the Ground Lease, the following property (collectively, the "**Property**"): (a) the land in Orange County, California described on Exhibit "A" attached hereto, together with all existing and future easements and rights affording access to it (the "**Land**"), (b) together with all buildings, structures and improvements now existing or hereafter constructed thereon (the "**Improvements**"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements,

together with all goods and other property, including such personal property that is, or at any time becomes, so related to or installed on or attached to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "**Fixture**," collectively "**Fixtures**"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. **Secured Obligations.** Trustor makes the grant, conveyance, transfer and assignment herein for the purpose of securing the following obligations (the "**Secured Obligations**"): (a) payment of the sum of \$4,457,483, which is evidenced by a promissory note (the "**Note**") of substantially even date herewith in such amount, executed by Trustor in favor of Beneficiary or order and any extension or other modifications thereof; (b) payment of such further sums as the then record owner of the Property may borrow from Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Leasehold Deed of Trust; and (c) performance by Trustor of the terms of this Leasehold Deed of Trust.

2. **Maintenance and Repair.** Trustor shall maintain and repair the Property in accordance with the terms of the Ground Lease.

3. **Insurance.** Trustor shall maintain the insurance required by Ground Lease.

4. **Defense of Security.** Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Leasehold Deed of Trust.

5. **Payment of Taxes and Liens.** Trustor shall pay all property taxes (including possessory interest taxes) and assessments affecting the Property in accordance with the Ground Lease. Trustor shall pay, when due, all encumbrances, charges and liens, with interest, on the Property, which are or appear to be prior or superior to this Leasehold Deed of Trust, and upon demand all costs, fees and expenses of this Leasehold Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Leasehold Deed of Trust, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Leasehold Deed of Trust: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Leasehold Deed of Trust; and (d) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. **Reimbursement of Costs.** Trustor shall pay upon demand all sums expended by Beneficiary or Trustee provided for in this Leasehold Deed of Trust or allowed by law, with interest from date of expenditure at the default interest rate provided in the Note.

7. **No Waiver.** By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. **Reconveyance.** That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Leasehold Deed of Trust and said note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as “the person or persons legally entitled thereto.”

9. **Assignment of Rents.** Trustor hereby absolutely and unconditionally assigns to Beneficiary all of the rents, issues, profits, royalties, revenues, income and other benefits (collectively, the “Rents”) derived from the Property, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary, either directly or through a receiver, the right, power and authority, but not the obligation, to collect the Rents, and to sue, either in the name of Trustor or Beneficiary, for all such Rents and to apply the same to the indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion. This assignment of Rents is intended to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor’s right, title and interest in the Rents; provided that notwithstanding the foregoing, so long as no default exists by Trustor in the payment of any indebtedness secured hereby, or in any other covenant contained herein, or in said note or notes or in any other document evidencing or securing such indebtedness, Trustor shall have the right to collect all Rents from the Property and to retain, use and enjoy the same. Upon the occurrence of such a default (following written notice by Beneficiary and expiration of any applicable cure period), without the necessity of demand or further notice to Trustor or any other act to enforce Beneficiary’s interest pursuant to this assignment, Trustor shall have no interest whatsoever in the Rents that are received by Trustor after a default, and all such Rents shall be received and held by Trustor in constructive trust for Beneficiary and delivered promptly to Beneficiary, or to a court appointed receiver for the Property, without the necessity for further notice to, or demand upon, Trustor. Upon the occurrence of such a default and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any tenant of the Property a notice to the effect that: (a) a default has occurred; (b) Beneficiary has elected to exercise its rights under this assignment; and (c) such tenant is thereby directed to thereafter make all payments of Rents to or for the benefit of Beneficiary or as Beneficiary shall direct. Any such tenant shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice, irrespective of whether a dispute exists between Trustor and Beneficiary with respect to the existence of a default or the rights of Beneficiary hereunder. Any such tenant shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this assignment. Trustor hereby agrees to indemnify, defend and hold any such tenant harmless from and against any and all losses, claims, damages or liabilities arising from or related to any payment of Rents by such tenant made in reliance on and pursuant to such notice.

10. **Default and Foreclosure.** Upon default by Trustor in payment or performance of any Secured Obligation, following written notice by Beneficiary and subject to any applicable cure period, Beneficiary may declare all sums secured immediately due and payable by delivery to

Trustee of a declaration of default and demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Leasehold Deed of Trust, said note or notes and all documents evidencing expenditures secured by this Leasehold Deed of Trust. Upon default of any obligation secured by this Leasehold Deed of Trust and acceleration of all sums due, Beneficiary may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Leasehold Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. **Substitution of Trustee.** Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Leasehold Deed of Trust is recorded and the name and address of the new Trustee.

12. **Successors and Assigns.** This Leasehold 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 mean the owner and holder, including pledgees, of the secured note or notes, whether or not named as Beneficiary herein.

13. **Trustee Acceptance.** Trustee accepts this trust when this Leasehold Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Leasehold Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

14. **Further Assurances.** Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time reasonably require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Leasehold Deed of Trust, or for filing, registering, or recording this Leasehold Deed of Trust. Trustor shall, on demand, execute and deliver, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Leasehold Deed of Trust, and thereafter from time to time, Trustor shall cause this Leasehold Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. **Condemnation and Insurance Proceeds.** Trustor shall comply with the Ground Lease with respect to condemnation and insurance proceeds.

16. **Severability.** If any one or more of the provisions contained in this Leasehold Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Leasehold Deed of Trust, but this Leasehold Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. **Estoppel Certificates.** Trustor shall, within 10 days of a written request from Beneficiary from time to time, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Leasehold Deed of Trust and any right of set off, counterclaim or other defense which exists against such sums and the obligations of this Leasehold Deed of Trust.

18. **California Uniform Commercial Code Security Agreement; Fixture Filing.** Trustor hereby grants Beneficiary a security interest in all personal property of Trustor located on the Property and wherever located and used in any way in connection with or in any way relating to the Property, and whether now owned or hereafter in existence, acquired or created (including equipment, inventory, goods, documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights), and all fixtures of Trustor now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions and proceeds (including insurance proceeds) of all of the foregoing (collectively, the "Personal Property"). Beneficiary may file this Leasehold Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Personal Property. Any reproduction of this Leasehold Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor shall execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Leasehold Deed of Trust in such form as Beneficiary may reasonably require to perfect a security interest with respect to the Personal Property. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. With the exception of security interests created to finance the development and/or operation of the Property, without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in the Personal Property. Upon Trustor's material breach of any covenant or agreement of Trustor contained in this Leasehold Deed of Trust that materially and adversely impacts Beneficiary, including the covenants to pay when due all sums secured by this Leasehold Deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke any remedies provided in this Leasehold Deed of Trust as to the Personal Property. In exercising any of such remedies, Beneficiary may proceed against the Property and any of the Personal Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies provided in the Leasehold Deed of Trust. This Leasehold Deed of Trust also covers goods which

are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

19. **Due On Sale or Encumbrance.** If all or any part of the Property, or any interest therein, or any interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operation of law, except as expressly permitted by the Ground Lease, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Leasehold Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Leasehold Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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Exhibit “A” to Deed of Trust

LEGAL DESCRIPTION

(Attached)

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Exhibit “B” to Deed of Trust

ADDENDUM TO LEASEHOLD DEED OF TRUST

(Attached)

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ADDENDUM TO LEASEHOLD DEED OF TRUST

This Addendum to the Leasehold Deed of Trust is part of the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Leasehold Deed of Trust**") dated as of _____, 2024, between _____, L.P., as Trustor, and the CITY OF BREA, as Beneficiary. The following provisions are made a part of the Leasehold Deed of Trust:

1. No Discrimination.

a. The Trustor covenants by and for itself, its 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Trustor himself or herself, 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.

b. Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

c. All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof, shall contain or be subject to the nondiscrimination clauses set forth in California Health and Safety Code Section 33436.

2. Hazardous Substances.

a. As used in this Section, the following terms shall have the following meanings:

i. **Environmental Laws**" means all federal, state and local statutes, ordinances, orders, rules, regulations, or governmental directives and any other requirements of governmental authorities with jurisdiction over the Property or Project now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("**CERCLA**"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.);

the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City of Mill Valley or any applicable federal, state and local agencies or bureaus, as amended from time to time.

ii. **“Foreclosure Transfer”** means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Leasehold Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Leasehold Deed of Trust, or by deed in lieu of such foreclosure.

iii. **“Hazardous Substances”** means:

(1) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a “hazardous substance,” “hazardous material,” “hazardous waste,” “extremely hazardous waste,” “acutely hazardous waste,” “radioactive waste,” “infectious waste,” “biohazardous waste,” “toxic substance,” “pollutant,” “toxic pollutant,” “contaminant” as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, “EP toxicity” or “TCLP toxicity”;

(2) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources;

(3) “hazardous substance” as defined in Section 2782.6(d) of the California Civil Code;

(4) “waste” as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form;

(5) urea formaldehyde foam insulation;

(6) polychlorinated biphenyls (PCBs);

(7) radon; and

(8) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant

present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

iv. **“Hazardous Substance Activity”** means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.

v. **“Losses”** means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims, actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel retained by Beneficiary; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work performed by any federal, state or local governmental agency or political subdivision or by any non-governmental entity or person that is required by applicable Environmental Laws or by a governmental agency with jurisdiction over the Property or Project because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of applicable Environmental Laws in the air, soil, surface water or groundwater at the Property; and (D) reasonable costs and expenses of enforcing this Section.

vi. **“Environmental Losses”** means Losses arising out of or occurring as a result of: (A) the occurrence of any Hazardous Substance Activity that first occurred on or after the date of this Leasehold Deed of Trust; (B) any violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof occurring on or after the date of this Leasehold Deed of Trust; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity occurring on or after the date of this Leasehold Deed of Trust; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C).

b. Trustor represents and warrants to Beneficiary that to the best of Trustor’s knowledge, no portion of the Property will be used by Trustor for the disposal, storage, treatment, processing or other handling of Hazardous Substances, and Trustor’s intended use of the Property will not result in the disposal or release by Trustor or Trustor’s agents or representatives of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing

and shall be true and correct for the period from the date hereof to the release of this Leasehold Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release. As used herein, the phrase “to the best of Trustor’s knowledge shall mean and refer to the actual knowledge of Michael Massie, the Executive Vice President and Chief Development Officer of Trustor, without duty of inquiry or investigation.

c. Trustor represents and warrants to Beneficiary that Trustor will comply with all requirements of any governmental agency with jurisdiction over the Property or Project .

d. On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances (“Environmental Requirements”).

e. If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property in violation of applicable laws, Trustor shall promptly take all actions, at its sole expense, as are required by applicable law to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary’s approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Property.

f. At any time after the occurrence and during the continuance of any default under this Section (subject to any applicable notice and cure provisions in Ground Lease), Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Leasehold Deed of Trust:

i. As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (1) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (2) take custody of all accounts; (3) negotiate with governmental authorities with respect to the Property’s environmental compliance and remedial measures; (4) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (5) make, terminate, enforce or modify leases of part or all of the Property; (6) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in

Beneficiary's reasonable judgment to protect or enhance the security hereof; and/or (7) take any and all other actions it reasonably deems to be necessary or appropriate to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver reasonably deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine in its reasonable discretion. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

ii. With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (1) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (2) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.

iii. Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "Environmental Costs") relating to the cleanup, remediation or other response action required by applicable law. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the

amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

iv. As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.

v. Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in any promissory note or other loan documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 6(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the loan documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Leasehold Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, conveyance, or any other transfer of the Property or this Leasehold Deed of Trust.

g. Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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EXHIBIT E
FORM OF ASSIGNMENT

(Attached)

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ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS

(CITY LOAN)

**[NOTE: IF CITY LOAN IS DISBURSED FIRST, PROCEEDS
WILL BE APPLIED TO COSTS OF PLANS OR TO
REIMBURSE DEVELOPER FOR COSTS OF PLANS]**

THIS ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS (this "Assignment") is made as of _____, 202__, and is executed by _____ ("Assignor"), in favor of the CITY OF BREA ("Assignee"), pursuant to that certain Disposition, Development and Loan Agreement dated _____, 2024 by and between Assignor and Assignee (the "DDLA").

RECITALS

A. As contemplated by the DDLA, Assignee made a construction and permanent loan in the amount of \$4,457,483 to Assignor for construction costs relating to a low income housing project on property at 323 North Brea Boulevard in Brea, California ("Project"). The loan is evidenced by a secured promissory note (including any modifications thereof, the "City Loan Note").

B. Pursuant to the DDLA, _____, L.P., as tenant, and Assignee, as landlord, entered into a Ground Lease which provides, among other things, that upon termination of the Ground Lease after an Event of Default thereunder by the tenant, subject to the rights of and any prior assignment to senior lenders, Assignee shall be entitled to enforce the architects and engineers agreement relating to the Project, and shall be entitled to ownership and use of plans and specifications for the project, without any representation or warranty regarding said plans and specifications.

C. Additionally, the DDLA also requires Assignor to assign to Assignee, as security for the City Loan, subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, all of Assignor's right, title and interest in and to all architects and engineers ("Engineers/Architects") contracts, plans and specifications for the Project, which include: (i) that certain _____ dated _____, executed by _____ and _____ [which has been assigned by _____ to _____, L.P.][?]; (ii) that certain dated _____, executed by _____ and _____ [which have been assigned by _____ to _____, L.P.][?]; and (iii) all plans and specifications created under or pursuant to such contracts[, which have been assigned by _____ to _____, L.P.][?] (collectively, the "Contracts").

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt whereof is hereby acknowledged, subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, Assignor hereby assigns, transfers and conveys to Assignee, effective upon the occurrence of a default under the Note which has not been timely cured following written notice of such default to Assignor and expiration of any applicable cure period, all of Assignor's right, title and interest in and to the Contracts for the purposes of

securing payment of the principal and interest evidenced by the Note, proceeds of which have been used by Assignor to pay costs payable by Assignor under the Contracts, and for purposes of enforcement, ownership and use upon a termination of the Ground Lease prior to completion of the Project, based on an Event of Default thereunder by the ground tenant.

Subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, Assignor's assignment includes the ability to receive, demand and enforce any and all of Assignor's rights, and receive, demand and enforce the obligations of the Engineers/Architects under the Contracts, and use all plans and specifications (or assign the same to a subsequent developer), and to perform any and all acts in the name of Assignor or at the option of Assignee, in the name of Assignee.

Assignor hereby represents and warrants to Assignee that: Assignor is not in default under the Contracts as of the date hereof.

Other than the assignments to other Project lenders, Assignor agrees not to assign, sell, pledge or otherwise transfer or encumber in any manner Assignor's interest in and to or rights under the Contracts, or to amend the Contracts, without the prior written consent of Assignee (such consent not to be unreasonably withheld, conditioned or delayed) so long as this Assignment remains in effect.

Upon the completion of the Project in accordance with the Ground Lease, and repayment of all principal and interest under the City Loan, this Assignment shall terminate.

If any one or more of the provisions contained in this Assignment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Assignment, but this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Assignment shall be governed by and construed according to the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first above written.

ASSIGNEE:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

ASSIGNOR:

a _____

By: _____
Print Name: _____
Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that subject to the rights of senior lenders to the Project, upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202_

a _____

By: _____

Print Name: _____

Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that subject to the rights of senior lenders to the Project, upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202_

a _____

By: _____

Print Name: _____

Title: _____

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EXHIBIT F
FORM OF AFFORDABLE HOUSING
AGREEMENT
AND
FORM OF NOTICE

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AFFORDABLE HOUSING AGREEMENT

This AFFORDABLE HOUSING AGREEMENT (“Agreement”) is executed by JHC-ACQUISITIONS LLC, a California limited partnership (“**Developer**”), and the **CITY OF BREA** (“**City**”), a California municipal corporation, and is dated _____, 2024 for reference purposes. For purposes of the grantor-grantee index, Developer is the grantor and City is the grantee.

RECITALS

A. Developer has a leasehold interest in the real property legally described on Exhibit A (“**Site**”) by virtue of a _____, 2024 Ground Lease (“**Lease**”) executed by City, as landlord, and Developer, as tenant. The Lease requires Developer to construct a 39-unit multifamily residential rental development (“**Project**”) on the Site, and City is providing a loan to Developer to facilitate such construction.

B. To receive financial assistance from City for the Project, Developer intends to restrict ___ of the residential units in the Project to extremely low income households at an affordable rent, and will reserve one residential unit in the Project as an unrestricted onsite manager’s unit.

C. This Agreement is the affordable housing agreement required by Brea City Code Section 20.40.090(B) and the regulatory agreement required by Government Code Section 37364(d).

NOW, THEREFORE, City and Developer agree as follows:

1. DEFINITIONS

In addition to the terms defined above, the following definitions shall apply for purposes of this Agreement:

A. “Affordability Period” means the 55-year period commencing on the date of the Certificate of Occupancy.

B. “Affordable Rent” means rent, including a reasonable utility allowance that does not exceed the product of 30% times 30% of the Area Median Income adjusted for family size appropriate to the unit.

C. “Affordable Units” means _____ of the _____ residential units in the Project.

D. “Area Median Income” means the median income for households in Orange County, California as annually established by HUD pursuant to Section 8 of the United States Housing Act of 1937 and as defined in 25 C.C.R. Section 6932. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, City shall provide Developer with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

E. “Adjusted for family size appropriate to the unit” means for a household of two persons in the case of a one-bedroom unit, and means for a household of three persons in the case of a two-bedroom unit.

F. “Certificate of Occupancy” means the certificate of occupancy issued by City for the Project (the final certificate of occupancy if a temporary certificate of occupancy is, or if multiple certificates of occupancy are, issued).

G. “Eligible Household” means a person or family whose income does not exceed 30% of the Area Median Income adjusted for family size.

H. “HUD” means the United States Department of Housing and Urban Development.

2. RENTER ELIGIBILITY

A. During the Affordability Period, Developer shall rent the Affordable Units to Eligible Households at an Affordable Rent.

B. Income of all persons residing in an Affordable Unit shall be considered for purposes of calculating the applicable income.

C. Developer shall not allow any Affordable Unit to be subleased and shall include in each lease or rental agreement with an Affordable Unit tenant a prohibition against subletting.

3. UNIT MONITORING

A. Prior to each rental of an Affordable Unit, Developer shall require that each prospective tenant execute an income certification form that is either supplied by City or utilized by Developer and reasonably acceptable to City. Developer shall then verify that each prospective tenant’s income certification form is truthful by obtaining any of the following:

- i. Paycheck stubs from the prospective tenant’s two most recent pay periods.
- ii. A true copy of an income tax return from the prospective tenant for the most recent tax year in which a return was filed.

iii. An income verification certification from the prospective tenant's employer.

iv. An income verification certification from the Social Security Administration or the California Department of Social Services.

v. An alternate form of income verification reasonably available.

B. On an annual basis, Developer shall require each Affordable Unit tenant to execute an income recertification form that is either supplied by City or utilized by Developer and reasonably acceptable to City, and shall verify that such form is truthful in accordance with Paragraph A above. If upon income recertification it is determined that an Affordable Unit tenant has a gross income exceeding 140% of the qualifying limit, then subject to applicable law (including California Tax Credit Allocation Committee regulations and policies), such tenant shall be permitted to continue occupying the unit for 12 months or until lease expiration, whichever is longer, unless the tenant again becomes an Eligible Household upon recertification prior to the expiration of its lease.

4. TENANCY REPORTS

A. Developer shall submit to City annual tenancy reports, and annual income certifications or re-certifications, in form and content approved by City (such approval not to be unreasonably withheld, conditioned or delayed) from time to time. In addition to any other information specified by City, such reports shall include:

i. The number of persons per unit.

ii. Tenant name.

iii. Initial occupancy date.

iv. Rent paid per month.

v. Gross income per year.

vi. Copies of documents used to certify or recertify the tenant as an Eligible Household.

B. The first annual report and annual income certification, with copies of all of the signed leases (including any addenda and amendments), shall be submitted to City within 30 days after the date of the initial rental of all of the Affordable Units or as otherwise agreed to in writing by City. Subsequent annual reports and annual income certifications or re-certifications shall be submitted to City on the anniversary date of the first submittal.

C. Developer shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements of this Agreement. Developer, at such time and in such forms as are reasonably acceptable to City, shall furnish to City statements, records, reports, data and information pertaining to matters covered by this Agreement. Upon

request for examination by City, Developer, at any time during normal business hours following not less than two business days' written notice, shall make available all of its records with respect to all matters covered by this Agreement. Developer shall permit City and its representatives to audit, examine and make excerpts or transcripts from these records.

5. OCCUPANCY LIMIT

Except as otherwise required by law, no less than one person per bedroom shall be allowed; no more than three persons shall be permitted to occupy a one bedroom Affordable Unit.

6. MANAGEMENT PLAN

Prior to Certificate of Occupancy issuance, Developer shall obtain City approval of a management plan for the Affordable Units. The management plan shall include: the proposed management company's name and qualifications; the proposed policies and procedures for management, tenant selection, and occupancy of the Affordable Units; and the proposed lease or rental agreement to be used for the Affordable Units. The management plan, and any amendments thereto, shall be subject to the City Manager's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. The management of the Affordable Units shall be compliance with the City-approved management plan. City hereby approves Quality Management Group, Inc. as the initial property manager.

7. LOSS OF SUBSIDY

A. It is anticipated that the Property will be supported by Project-Based Section 8 rental subsidy payments (the "**Rental Subsidy**"). If, during the Affordability Term, there is a reduction, termination, or nonrenewal of the Rental Subsidy through no fault of Developer, such that the Rental Subsidy as it exists as of the date of this Agreement is no longer available (or available in a lesser amount), Developer may request City, in its sole discretion, to approve: (i) allowing households with adjusted incomes that do not exceed 60% of then current AMI adjusted for household size, as published by the California Tax Credit Allocation Committee annually ("**60% AMI Households**"), to occupy the Affordable Units, and (ii) increasing the rent on one or more of the Affordable Units, to rents that are affordable to 60% AMI Households, as outlined herein.

B. The income limit and rent increases described in paragraph (A) above are subject to the following requirements. Concurrently with the request, Developer shall provide City with: (a) evidence of the anticipated reduction, termination, or nonrenewal of the Rental Subsidy; (b) a management plan for the Project for City's approval (such approval not to be unreasonably withheld, conditioned or delayed), showing the impact of the loss or reduction of the Rental Subsidy; (c) a proposed operating budget reflecting the rent increases ("**Operating Budget**"); and (d) a description of Developer's efforts to obtain alternate sources of rental subsidies, and, if the foregoing requirements are completed to City's reasonable satisfaction, subject to the limitations set forth in the immediately succeeding sentence, City shall approve Developer's request to increase the income limits and rent restrictions applicable to the Affordable Units. The number of Affordable Units subject to the rent increase and the amount of the proposed increase may not be greater than: (i) the number or amount required to ensure that the Project generates sufficient

income to cover its operating costs, required deposits to replacement reserves, and debt service payments on approved financing as shown on the Operating Budget (together, the “**Minimum Liabilities**”); and (ii) such amount as is necessary for the Project to maintain a debt service coverage ratio of at least 1.15 (“**Debt Service Coverage Ratio**”). As used herein, “Debt Service Coverage Ratio” means, for any period, the ratio of (a) net operating income for such period to (b) all principal and interest payments due and payable during such period, regardless of whether the Project is generating sufficient cash flow. In addition, upon a reduction, termination, or nonrenewal of the Rental Subsidy as described above:

i. Developer shall use good faith commercially reasonable efforts to obtain alternative sources of rental subsidies and shall provide City with quarterly progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents to be reduced. Upon receipt of any alternative rental subsidies, Developer shall reduce the rents as much as possible with the goal of reverting the rents to their original levels as set forth herein to the extent that the alternative rental subsidies provide sufficient income to cover the Minimum Liabilities of the Project as shown on the Operating Budget and to maintain a Debt Service Coverage Ratio of 1:15 to 1.00;

ii. Developer shall provide tenants in the Affordable Units with at least 60 days’ written notice of any rent increase and shall notify each tenant that if they have received a tenant-based voucher from the Orange County Housing Authority or any other governmental entity they may use such voucher to pay the rent for their Affordable Unit;

iii. All rent increases are subject to City approval pursuant to the terms herein. No later than 60 days prior to the proposed implementation of any rent increase, Developer shall submit to the City a schedule of any proposed increase in the rent. City shall approve a rent increase if it complies with the restrictions set forth herein.

iv. Developer shall give tenants of all Affordable Units written notice at least 60 days prior to any rent increase.

With respect to any Affordable Units for which City has authorized Developer to increase rents pursuant to this Section, all special and/or target population preferences and requirements shall automatically terminate.

8. PROPERTY MAINTENANCE

Developer shall maintain the Property in the same aesthetic and sound condition as existing at the date of the Certificate of Occupancy, reasonable wear and tear excepted. Representative items of maintenance shall include: graffiti abatement; repainting, repair, or replacement of damaged or deteriorated surfaces, fencing, walls, equipment, etc.; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property; sweeping or washing down of on-site walks and paved areas; trimming, fertilization, and replacement of landscaping; cleaning windows; maintaining the roof in a leak-free and weather-tight condition; and maintaining any security devices in good working order.

9. NONDISCRIMINATION / NONSEGREGATION

A. Developer covenants 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 Government Code Section 12955 in connection with the rental, sale, lease, sublease, transfer, use, or occupancy of the Project. Neither Developer nor any person claiming under or through Developer shall 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, or sublessees of the Project.

B. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses (but no such lease shall permit subletting):

1. (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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, 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 Agreements shall run with the land.

(b) Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

2. (a) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

(b) Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as

defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

10. ASSIGNMENT

A. The identity and qualifications of Developer as an experienced and successful Developer and operator of affordable rental housing developments are of particular concern to the City; it is because of this identity and these qualifications that City has entered into this Agreement with Developer. Except with respect to transfers permitted under the Lease, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise. Except as permitted under the Lease, Developer shall not make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Lease or the Project without City’s prior written approval.

B. City approval shall not be required for the lease or rental of Affordable Units to Eligible Households in accordance with this Agreement.

11. BINDING EFFECT

A. The obligations established in this Agreement attach to and run with the Property, and shall be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of City and City’s successors and assigns.

B. This Agreement shall be recorded prior to any deeds of trust or other liens on the Developer’s leasehold interest (except for the liens for property taxes and assessments), and this Agreement shall not be subordinated to any such deeds of trust or other liens.

C. No violation or breach of this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer shall be bound by this Agreement whether such successor’s title was acquired by foreclosure, deed in lieu of foreclosure, trustee’s sale or otherwise.

12. NOTICES

Notices under this Agreement shall be given in writing and shall be given in accordance with the terms of the notices provision in the Lease.

13. REMEDIES

Upon a default by Developer, City shall have all rights and remedies at law or in equity, and all rights and remedies in Brea City Code Section 20.40.100, and such remedies shall be cumulative to the extent permitted by law. Subject to the rights of senior lenders to the Project, City shall have the right to obtain from Developer any overcharged rent if Developer is unable to locate the overcharged tenant for purposes of reimbursing such tenant the overcharged amount.

14. TIME OF THE ESSENCE

Time is of the essence of each provision of this Agreement in which time is a factor.

15. EXPIRATION

This Agreement shall remain in effect until expiration of the Affordability Period.

16. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

17. INCORPORATION OF MANDATORY LANGUAGE

Each and every provision required by law to be inserted in this Agreement shall be deemed to be inserted and this Agreement shall be read and enforced as though such provision were included. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon request of either party this Agreement shall promptly be amended to make such insertion or correction.

18. AMENDMENTS

This Agreement may not be amended, nor any provision or breach waived, except in a writing that is signed by the parties and that expressly refers to this Agreement.

IN WITNESS WHEREOF, City and Developer have caused this Agreement to be signed, acknowledged and attest on their behalf by their duly authorized representatives.

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

DEVELOPER:

JAMBOREE HOUSING CORPORATION,
a nonprofit corporation

By: _____

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A
TO AFFORDABLE HOUSING AGREEMENT**

Legal Description

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice. Restrictions have been recorded with respect to the property described below which restrict the price and terms at which the property may be sold or rented. These restrictions may limit the sales price or rents of the property to an amount which is less than fair market value. These restrictions limit the income of persons and households who are permitted to purchase and rent the property.

This NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (the “**Notice**”), is executed by _____ (“**Developer**”), whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614 and by the City of (the “**City**”) in connection with that certain Regulatory Agreement (Housing Set Aside Funds) dated _____, 202__ between Developer and the City, as successor to the housing assets of the former Brea Redevelopment Agency (the “**Regulatory Agreement**”) between Developer and the Agency.

RECITALS

1. Developer owns the land described on Exhibit “A” with an address of 323 N. Brea Boulevard, in the City of Brea, State of California bearing Assessor’s Parcel Number 296-301-02 (the “**Land**”).
2. Developer and Agency are entering into and recording the Regulatory Agreement substantially concurrently herewith.
3. Capitalized terms used herein but not defined shall have the meaning set forth as described in the Regulatory Agreement.

TERMS OF NOTICE

1. Requirement for Recorded Notice. This Notice is being executed and recorded pursuant to California Health and Safety Code Section 33334.3(f)(3)(B).

2. Regulatory Agreement. This Notice is being recorded substantially concurrently with the recordation of the Regulatory Agreement, which is incorporated herein by reference.

3. Recitation of Affordability Restrictions. The Regulatory Agreement restricts the occupancy of _____ multifamily dwelling units on the Land to occupancy by _____ Income Households at an Affordable Rent (as defined in the Regulatory Agreement) for a term commencing on the completion of the rental project (as evidenced by a final Certificate of Occupancy) and ending on _____, 20__. [55 YEARS]

IN WITNESS WHEREOF, this Notice has been executed and made effective on the day and year first above written.

By: _____
Print Name: _____
Title: _____

CITY OF BREA

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

EXHIBIT G
FORM OF GROUND LEASE
(Attached)

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GROUND LEASE
by and between
CITY OF BREA
and
JHC-ACQUISITIONS LLC,

THIS GROUND LEASE (“**Lease**” or “**Agreement**”) is dated _____, 202__ (“**Effective Date**”) for reference purposes and is executed by the City of Brea, a California municipal corporation (“**Landlord**”) and JHC-Acquisitions LLC, a California limited liability company (“**Tenant**”). Landlord and Tenant are hereafter collectively referred to as the “**Parties**.”

RECITALS

- A. Landlord is the owner of the land described on Exhibit A (“**Property**”).
- B. Landlord and Tenant entered into that certain Disposition, Development and Loan Agreement dated _____, 2024 (“**DDLA**”) which provides for the ground lease of the Property by Landlord to Tenant for the development of the project described in Recital C, below. Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.
- C. Tenant has agreed to construct a 39-unit multifamily rental housing development on the Property (consisting of 38 apartments that will be affordable to extremely low-income households and one manager’s unit) and other amenities (collectively, “**Project**”).
- D. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord the Property, upon and subject to the terms and conditions hereinafter set forth.
- E. The DDLA contemplates that this Lease shall be executed and delivered, and a Memorandum of Lease, a deed of trust in favor of Landlord, and an Affordable Housing Agreement, executed, acknowledged and recorded, at the Closing under the DDLA.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows.

ARTICLE 1. DEFINITIONS

1.1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

1.2. “Applicable Laws” is defined in Section 6.3.

1.3. “City” means the City of Brea, a municipal corporation, in its regulatory capacity as opposed to its proprietary interest in the Property as Landlord hereunder.

1.4. “City Council” means the City Council of the City of Brea.

1.5. “Claims” is defined in Article 10..

1.6. “Conditions of Approval” is defined in Section 6.12.

1.7. “Construction Plans” is defined in Section 6.14.

1.8. “CPI” means the Consumer Price Index—Urban Consumers (Los Angeles-Riverside-Orange County, CA, area; Base 1982-84 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics or any successor index or agency reasonably acceptable to the parties.

1.9. “Environmental Laws” is defined in Section 7.6.4(ii).

1.10. “Hazardous Material” is defined in Section 7.6.4(i).

1.11. “Improvements” means all buildings, structures, fixtures, fences, walls, paving, parking improvements, driveways, walkways, plazas, landscaping, permanently affixed utility systems and equipment, and other improvements located on the Property, including, without limitation, the Project and all replacements of the foregoing.

1.12. “Indemnitees” is defined in Article 10.

1.13. “Lease Conclusion” is defined in Section 8.2.1.

1.14. “Leasehold Mortgage” means a deed of trust on the leasehold estate created by this Lease and held by a Leasehold Mortgagee.

1.15. “Leasehold Mortgagee” means the mortgagee or beneficiary of any Leasehold Mortgage and in the event of a transfer of such Leasehold Mortgage, the successor Leasehold Mortgagee, upon delivery of written notice of the transfer to Landlord.

1.16. “Official Records” means the Official Records of Orange County, California.

1.17. “Prevailing Wage Laws” is defined in Section 6.3.

1.18. “Project” means the residential rental project and related improvements as described in Recital C as they may be modified pursuant to the terms of this Lease, subject to compliance with applicable law.

1.19. “Property” is defined in Recital A

1.20. “Term” is defined in Section 3.1.

1.21. “Transfer” is defined in Section 16.1.

ARTICLE 2. DEMISE OF PREMISES

2.1. Demise. Upon the Effective Date (which is the date of this Lease, and the date of the Closing under the DDLA), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Property for the Term and on the terms and conditions set forth in this Lease.

2.2. Condition of Title. Landlord leases the Property to Tenant subject to all easements, covenants, conditions, restrictions and other title matters of record existing as of the Effective Date, and all matters that would be apparent from an inspection of the Property on the Effective Date.

2.3. Condition of Property. Tenant specifically acknowledges that except for the representations and warranties made by Landlord pursuant to the DDLA, including, without limitation, in Section 2.2 of the DDLA, Landlord is leasing the Property to Tenant on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and that Tenant is not relying on any representations or warranties of any kind whatsoever, express or implied, from Landlord, its employees, board members, or agents as to any matters concerning the Property. Except for the representations and warranties made by Landlord pursuant to the DDLA, Landlord makes no representations or warranties as to any matters concerning the Property including: (i) matters relating to soils, subsoils, geology, the presence or absence of fill, groundwater, drainage, and flood zone designation; (ii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property; (iii) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose; (iv) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property; (v) the compliance of the Property with Environmental Laws, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (vi) the presence or removal of Hazardous Material, substances or wastes on, under or about the Property or the adjoining or neighboring property; and (vii) the condition of title to the Property.

2.4. Tenant to Rely on Own Experts. Tenant acknowledges that notwithstanding the delivery by Landlord to Tenant of any materials, including, without limitation, third party reports, Tenant will rely entirely on Tenant's own experts and consultants and its own independent investigation and judgment as to all matters relating to the Property.

2.5. Environmental Disclosure. To the extent the Landlord has copies of reports regarding the environmental condition of the Property, it has provided copies to Tenant of those reports known to exist; but the Parties acknowledge that Landlord will not be conducting a public records search of any regulatory agency files—although the Landlord urges Tenant to do so to satisfy itself regarding the environmental condition of the Property. By execution of this Agreement, Tenant: (i) acknowledges its receipt of the foregoing notice respecting the environmental condition of the Property; (ii) acknowledges that it has had an opportunity to conduct its own independent review and investigation of the Property; (iii) except for the representations and warranties made by Landlord pursuant to the DDLA, agrees to rely solely on its own experts in assessing the environmental condition of the Property and its sufficiency for its intended use; and (iv) waives any and all rights Tenant may have to assert that the Landlord failed to disclose information about the environmental condition of the Property.

2.6. Release by Tenant. Effective upon the Effective Date, Tenant WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES the Indemnitees and any person acting on behalf of the Landlord, from any and all Claims, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant now has or which may arise in the future on account of or in any way arising out of or in connection with the physical condition of the Property, the presence of

Hazardous Material in, on, under or about the Property other than any Claims related to Hazardous Material that was present in, on, under or about the Property prior to the Effective Date, or any law or regulation applicable thereto including, without limiting the generality of the foregoing, all Environmental Laws. The provisions of this Section 2.6 shall survive the expiration or termination of this Agreement.

TENANT ACKNOWLEDGES THAT TENANT IS FAMILIAR WITH CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH 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.

BY INITIALING BELOW, TENANT EXPRESSLY WAIVES THE BENEFITS OF CIVIL CODE SECTION 1542 WITH RESPECT TO THE FOREGOING RELEASE:

Tenant's initials: _____

ARTICLE 3. TERM OF LEASE

3.1. Term. The term of this Lease ("**Term**") shall commence on the date hereof (i.e., the Effective Date), and it is intended that the Memorandum of Lease be recorded on such date ("**Commencement Date**"). Unless sooner terminated under the provisions hereof, the Term of this Lease shall expire 99 years after the completion of the Project (as evidenced by a final Certificate of Occupancy) ("**Expiration Date**"). The expiration or sooner termination of the Term shall be referred to as "**Lease Conclusion**."

3.2. Lease Year. For purposes of this Lease, "Lease Year" shall mean each calendar year, or partial calendar year during the Term. If the Commencement Date does not occur on January 1, then any amounts required to be paid under this Lease on a Lease Year basis shall be prorated on a per diem basis for the partial Lease Years that commence with the Commencement Date and end on the Expiration Date.

ARTICLE 4. RENT

4.1. Rent. Tenant has prepaid rent (in the amount of \$99) to Landlord through the escrow under the DDLA at the Closing under the DDLA.

4.2. Additional Rent. Tenant also agrees to pay as rent all sums, Impositions (as defined in Section 5.1 below), costs, expenses, and other payments which Tenant in any of the provisions of this Lease assumes or agrees to pay (collectively, “**Additional Rent**”). If Tenant fails to pay timely any Additional Rent following written notice of such failure and expiration of any applicable cure period, Landlord shall have (in addition to all other rights and remedies) all the rights and remedies provided for herein or by law in the case of non-payment of rent, subject to the terms and conditions of this Lease.

4.3. Payment of Rent. The Base Rent and Additional Rent shall be collectively referred to as “**Rent**” under this Lease. All Rent shall be paid to Landlord in lawful money of the United States at the place to which notices are to be delivered to Landlord, unless Landlord designates a different address for the payment of Rent in writing to Tenant. Rent shall be payable on each anniversary of the Effective Date during the term hereof.

ARTICLE 5.

TAXES, ASSESSMENTS AND OTHER CHARGES

5.1. Impositions. Tenant covenants and agrees to pay prior to delinquency, all real property taxes, possessory interest taxes, license and permit fees, sales, use or occupancy taxes, assessments whether general or special, ordinary or extraordinary, unforeseen, as well as foreseen, of any kind or nature whatsoever, pertaining to this Lease, the Property or the Improvements or part thereof, including: (i) any assessment, levy, imposition or charge, in lieu of or substitution for real estate taxes; and (ii) any assessment for public improvements or benefits which is assessed, levied, or imposed upon or which becomes due and payable and a lien upon: (a) the Property or the Improvements or any part thereof or any personal property, equipment or other facility used in the operation thereof; (b) the rent or income received by Tenant from subtenants or licensees; (c) any use or occupancy of the Property or Improvements or part thereof; or (d) this transaction or, subject to the exclusions specified below, any document to which Tenant is a party creating or transferring an estate or interest in the Property or part thereof. All of the foregoing are hereinafter referred to as “**Impositions**.”

5.1.1. Exclusions. Impositions specifically shall exclude: (i) any income, franchise, gross receipts, estate, inheritance, transfer or gift tax imposed on Landlord; and (ii) any transfer tax imposed on any document to which Landlord is a party creating or transferring an estate or interest in the Property.

5.1.2. Installments. If, by law, any Imposition is payable, or may at the option of the taxpayer be paid, in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same respectively become due and before any fine or penalty may be added thereto for the nonpayment of any such installment and interest. Any Impositions relating to tax years that are only partially included in the Term shall be prorated between Tenant and Landlord.

5.1.3. Evidence of Payment. Upon request by Landlord, Tenant shall furnish, in form satisfactory to Landlord, evidence of payment prior to delinquency of all Impositions payable by Tenant.

5.2. Tenant Right to Contest. Tenant shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but such right shall not be deemed or construed in any way as relieving, modifying or extending Tenant's covenant to pay any such Imposition at the time and in the manner required by law. Any such contest shall be conducted in accordance with and subject to the requirements of Applicable Laws and otherwise in a manner that does not subject Landlord's title to the Property to foreclosure or forfeiture. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant. During any contest of an Imposition, Tenant shall (by payment of disputed sums, if necessary) prevent any advertisement of tax sale, foreclosure of, or any divesting of Landlord's title, reversion or other interest in the Property or the Improvements.

5.3. Tenant Duty to File. Tenant shall have the duty of making or filing any exemption application, declaration, statement or report which may be necessary or advisable in connection with property tax exemption or the determination, equalization, reduction or payment of any Imposition which is or which may become payable by Tenant under the provisions of this Article V, and Landlord shall not be responsible for the contents of any such declaration, statement or report.

5.4. Utilities. Tenant agrees to pay, or cause to be paid, all charges which are incurred by Tenant or which are otherwise a charge or lien against the Property or part thereof during the Term, for gas, water, electricity, light, heat or power, telephone or other communication service use, or other utility use, rendered or supplied upon or in connection with the Property. Tenant shall also obtain, or cause to be obtained, without cost to Landlord, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Property of wires, pipes, conduits and other equipment for the supply of utilities to the Project. In no event shall Landlord have any liability to Tenant, and Tenant releases Landlord, from any and all claims (including consequential damages, lost profits and similar damages) that Tenant may incur as a result of any interruption, curtailment or diminishment of such utilities, other than for the active negligence or willful misconduct of Landlord. Notwithstanding the foregoing, Tenant shall have the right to challenge the amount or validity of the foregoing charges, provided that doing so does not result in the Property being subjected to any lien or other encumbrance that is not itself adequately released, insured over or otherwise satisfied by Tenant after Tenant has exhausted its efforts to contest the same in accordance with all Applicable Laws.

ARTICLE 6. DEVELOPMENT OF THE PROPERTY

6.1. Construction of Improvements; Description of Project. Tenant agrees to construct on the Property a 39-unit multi-family residential rental project, together with related Improvements

in accordance with the DDLA, plans and specifications, entitlements and permits and approvals issued or approved by the City, including all governmental conditions of approval.

6.2. Construction Schedule/Deadlines. Subject to force majeure delays (meaning delays that delay the applicable construction, excluding defaults on financing), Tenant shall materially commence construction of the Project within 30 days following the Effective Date, and shall diligently prosecute to completion the construction of the Project sufficient to allow City to issue a final certificate of occupancy within three years following commencement of construction, subject to any such force majeure delays. Tenant's failure to commence or complete the Project in accordance with the time periods specified in this Section 6.2 shall be an Event of Default.

6.3. Construction Standards. Tenant shall carry out and shall cause its contractors to carry out the construction of the Project and all subsequent Improvements, alterations and replacements, in a high quality and workmanlike fashion in accordance with City's governmental conditions of approval and the construction plans approved by Landlord and City, and the permits issued by City, and in compliance with all applicable state, federal, and local laws, rules, ordinances, codes, and regulations, including, to the extent applicable, Labor Code Section 1720 et seq. and the regulations adopted pursuant thereto ("**Prevailing Wage Laws**"), and all other applicable federal and state labor laws and standards, applicable provisions of the Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other applicable provisions of the Brea City Code, and all applicable disabled and handicapped access requirements, including the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq., Government Code Section 4450 et seq., Government Code Section 11135 et seq., and the Unruh Civil Rights Act, Civil Code Section 51 et seq. (all of the foregoing, collectively "**Applicable Laws**").

6.4. Prevailing Wages.

6.4.1. To the extent required by applicable law, Tenant shall comply and shall cause its contractors, subcontractors and agents to comply with Prevailing Wage Laws and shall be responsible for carrying out the requirements of such provisions.

6.4.2. Without limiting the generality of the preceding paragraph, to the extent required by applicable law, Tenant shall:

(i) Pay, and shall cause all consultants and contractors to pay, prevailing wages in the construction of the Improvements as those wages are determined pursuant to Labor Code Section 1720 et seq.;

(ii) Cause all consultants and contractors to employ apprentices as required by Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations ("**DIR**"), and to comply with the other applicable provisions of Prevailing Wage Laws;

(iii) Keep and retain, and shall cause all consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Section 1720 et seq., and apprentices have been employed as required by Labor Code Section 1777.5 et seq.;

(iv) Post at the Property, or cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

(v) Cause contractors and subcontractors constructing the Improvements to be registered as set forth in Labor Code Section 1725.5;

(vi) Cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Improvements to specify that: (a) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Improvements unless registered with the DIR pursuant to Labor Code Section 1725.5; and (b) the construction of the Improvements is subject to compliance monitoring and enforcement by the DIR.

(vii) Provide the City all information required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

(viii) Cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

(ix) Cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

6.4.3. Tenant shall indemnify, defend (with counsel reasonably acceptable to City) and hold harmless the Indemnitees from and against all Claims arising directly or indirectly, in whole or in part, from the failure or alleged failure by Tenant, or any other person, including without limitation, Tenant's contractor and subcontractors to comply with all applicable provisions of Prevailing Wage Laws in connection with construction of the Project, including without limitation, all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781, all Claims relating to any failure to pay prevailing wages, employ apprentices, or comply with all applicable State or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws. The provisions of this Section shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion and final Certificate of Occupancy for the Project.

6.5. Easements; Reciprocal Easement/Joint Use Agreement. From time to time at Tenant's request, Landlord shall, in its capacity as fee title owner to the Property, join in the grant of reasonable easements to adjoining landowners and/or to public or private utility companies for utility service reasonably required to and for the benefit of the Project. Landlord agrees to join in granting or dedicating such public or private utility or other easements and making such other dedications as may be reasonably required for the development, maintenance, use, operation or enjoyment of the Property in accordance with this Lease.

6.6. Protection of Landlord. Nothing in this Lease shall be construed as constituting the consent of the Landlord, express or implied, to the performance of any labor or services, or the

furnishing of any materials or any specific improvements, alterations of or repairs to the Property or any part thereof, by any contractor, subcontractor, laborer or materialman such as to give rise to any right of any such contractor, subcontractor, laborer or materialman to file a mechanic's lien or other claim against the fee title to the Property. Landlord shall have the right at all reasonable times to post, and keep posted, on the Property any notices which Landlord may deem necessary for the protection of Landlord and the Property from mechanic's liens or other claims. Tenant shall give Landlord 10 days' prior written notice of the commencement of any work to be done on the Property to enable Landlord to post such notices. In addition, Tenant shall make, or cause to be made, timely payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Property (subject to Tenant's right to contest the same in accordance with all Applicable Laws).

6.7. Mechanic's Liens and Stop Notices. Tenant shall not allow to be placed on the Property or any part thereof any lien or stop notice on account of materials supplied to or labor performed on behalf of Tenant. If a claim of a lien or stop notice is given or recorded affecting the Project or the Property, then within 30 days of such recording or service Tenant shall either: (a) pay and discharge (or cause to be paid and discharged) the same; (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to Landlord that the claim of lien or stop notice will be paid or discharged. Tenant shall indemnify, defend and hold Landlord harmless from and against liability, loss, damages, costs and expenses (including reasonable attorneys' fees) incurred by or brought against Landlord for claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it.

6.8. Right of Landlord to Satisfy Liens on the Property. If Tenant fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 6.7 above, upon not less than 10 days' prior written notice to Tenant, the Landlord shall have the right, but not the obligation, to satisfy any such liens or stop notices at Tenant's expense and without further notice to Tenant, and all sums advanced by Landlord for such purpose shall be payable to Landlord as Additional Rent. In such event Tenant shall be liable for and shall immediately reimburse Landlord for such paid lien or stop notice. Alternatively, the Landlord may require Tenant to immediately deposit with Landlord the amount necessary to satisfy such lien or claim pending resolution thereof. The Landlord may use such deposit to satisfy any claim or lien that is adversely determined against Tenant. Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Property for a continuous period of 30 days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property. Landlord may (but has no obligation to) record any notices of completion or cessation of labor, or any other notice that Landlord deems necessary or desirable to protect its interest in the Property.

6.9. Use of Plans. The contracts relating to design and construction of the Improvements executed by and between Tenant (or an affiliate of Tenant) and any architect, other design professional or any general contractor shall provide in the contracts, or in a consent to assignment, in form and substance reasonably satisfactory to Landlord, for the assignment thereof, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation

or warranty regarding such contracts, to Landlord as security to Landlord for Tenant's performance hereunder, and Landlord shall be furnished with any such contract, and, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation or warranty regarding such contracts, Tenant hereby conditionally assigns such contracts and plans and for the Project to Landlord and in connection therewith, agrees that if this Lease is terminated due to Tenant's default, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation or warranty regarding such contracts, Landlord may, at its election, use any plans and specifications to which Tenant is then entitled pursuant to any such contract upon the payment of any sums due to any party thereto and the obtainment of any approvals required from such architect, other design professional or general contractor.

6.10. Cost of Construction. Tenant shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the development of the Property and the construction of the Improvements. Except for the City Loan provided to Tenant pursuant to the DDLA and as otherwise expressly set forth herein, all costs of designing, developing and constructing the Improvements and the Project and compliance with the Project approvals (including all off-site and on-site improvements required by City in connection therewith) shall be borne solely by Tenant and shall not be an obligation of Landlord. If any Applicable Laws subsequently are changed so as to require during the Term any alteration of the Improvements, or the reinforcement or any other physical modification of the Improvements, Tenant shall be solely responsible for such cost and expense.

6.11. Project Approvals. Tenant acknowledges and agrees that execution of this Agreement by Landlord does not constitute approval for the purpose of the issuance of building permits for the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Tenant from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the development of the Property, including the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review. Tenant covenants that it shall obtain all necessary permits and approvals required by City, or any other governmental agency having jurisdiction over the Property, and shall not commence construction work on the Project prior to issuance of building permits required for such work. Landlord shall work cooperatively with Tenant to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project on the Property.

6.12. Conditions of Approval. Tenant shall develop the Property in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits issued by City or any other governmental body or agency with jurisdiction over the Project or the Property whether already granted or issued as of the Effective Date or as may subsequently be granted or issued in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the "Conditions of Approval").

6.13. Fees and Permits. Tenant shall have the sole responsibility for obtaining all necessary governmental permits and approvals for the construction of the Improvements, at Tenant's sole

cost and expense. Landlord shall cooperate with Tenant in connection with obtaining any such governmental permits and approvals. Unless and except otherwise agreed by the Parties in writing, Tenant shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City and all other agencies with jurisdiction over development of the Property in connection with obtaining building permits and other approvals for the Project, including those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, architectural review, historic review, and any subsequent approvals for the Project.

6.14. Construction Plans. Tenant has submitted, and as of the Effective Date, City's Building Department has approved, detailed construction plans for the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Tenant and Tenant's contractors shall rely in developing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications.

6.15. Construction Pursuant to Plans. Tenant shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to the Project. Tenant shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

6.16. Change in Construction Plans. Tenant shall notify Landlord in a timely manner of any material changes to the approved Construction Plans, including any material additions, changes, or deletions thereto. Written authorization from Landlord must be obtained before any of the following material changes, additions, or deletions in work for the Improvements may be performed: (i) any change in the work the cost of which exceeds Two Hundred Thousand Dollars (\$200,000); or (ii) any set of changes in the work the cost of which cumulatively exceeds Four Hundred Thousand Dollars (\$400,000); or (iii) any material change in building materials or equipment, specifications, or the structural or architectural design of the Improvements as provided for in the Construction Plans. Notwithstanding the foregoing, however, any change in the Construction Plans required in order to comply with applicable codes shall be deemed approved. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

6.17. Rights of Access. For the purpose of ensuring that the construction of the Project is completed in compliance with this Agreement, Tenant shall permit representatives of the Landlord and the City to enter upon the Property following two business days' written notice (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided).

6.18. Landlord Disclaimer. Tenant acknowledges that Landlord is under no obligation, and Landlord does not undertake or assume any responsibility or duty to Tenant or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Tenant and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the Landlord is solely for the purpose of determining whether Tenant is properly discharging its obligations under this Agreement, and shall not be relied upon by Tenant or any third party as a warranty or representation by the Landlord as to the quality of the design or construction of the Improvements or otherwise.

6.19. Defects in Plans. Landlord shall not be responsible to Tenant or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Tenant's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement. It is further agreed that Landlord does not, and shall not, waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations pursuant to this Section shall not extend to Claims arising due to the gross negligence or willful misconduct of the Indemnitees.

6.20. Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry, national origin, age or disability in the hiring, firing, promoting, or demoting of any person engaged in construction work on the Property, and Tenant shall direct its contractors and subcontractors to refrain from discrimination on such basis.

6.21. Insurance Requirements. Tenant shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article IX.

ARTICLE 7. USE OF THE PROPERTY

7.1. Permitted Uses. Tenant may use the Property for the construction and operation of the Project and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not do or permit any activity on or about the Property that constitutes a public or private nuisance. At Tenant's sole expense, Tenant shall procure and maintain all governmental licenses or permits required for the proper and lawful conduct of Tenant's activities conducted on the Property.

7.2. Affordable Housing Agreement. Tenant shall comply with the Affordable Housing Agreement.

7.3. No Condominium Conversion. Tenant shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Project during the Term of this Lease.

7.4. Management and Operation of the Project; Compliance with Laws. Tenant shall operate, maintain and manage the Property in a good condition and repair, subject to incidental wear and tear. Tenant, at its sole cost and expense, shall comply with all Applicable Laws pertaining to the use, operation, occupancy, and management of the Property. Tenant shall not itself, and shall not permit any subtenant to use the Property or the Improvements for any unlawful purpose and shall not itself, and shall not permit any subtenant to, perform, permit or suffer any act of omission or commission upon or about the Property or the Improvements which would result in a nuisance or a violation of Applicable Law. Landlord shall have the right to review and approve (such approval not to be unreasonably withheld, conditioned or delayed) the qualifications of any management entity proposed by Tenant for the Project. Landlord hereby approves Quality Management Group, Inc. as the initial management entity for the Project. Any contracting of management services by Tenant shall not relieve Tenant of its primary responsibility for proper performance of management duties.

7.5. Tenant Right to Contest. Tenant shall have the right to contest by appropriate proceedings, in the name of Tenant, and without cost or expense to Landlord, the validity or application of any Applicable Law. If compliance with any Applicable Law may legally be delayed pending the prosecution of any such proceeding without the incurrence of any lien, charge or liability against the Property or Tenant's interest therein, and without subjecting Tenant or Landlord to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including without limitation reasonable attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant.

7.6. Hazardous Materials.

7.6.1. Obligations of Tenant. Tenant hereby covenants and agrees that:

(i) Tenant shall not cause or permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Material in violation of Environmental Laws or otherwise knowingly permit the presence or release of Hazardous Material in, on, under, about or from the Property or the Project in violation of Environmental Laws with the exception of limited amounts of cleaning supplies and other materials customarily used in construction, use or maintenance of residential/mixed-use properties similar in nature to the Project and used, stored and disposed of in compliance with Environmental Laws.

(ii) Tenant shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Property or any portion of either to be in violation of, any Environmental Laws.

(iii) Promptly after receiving actual knowledge of the same, Tenant shall advise Landlord in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Tenant, or the Property pursuant to any applicable Laws; (ii) any and all claims made or threatened by any third party against the Tenant or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Material; or (iii) the presence or release of any Hazardous Material in, on, under, about or from the Property. The matters set forth in the foregoing clauses (i) through (iii) are hereinafter referred to as “**Hazardous Materials Claims**”. The Landlord shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claim.

(iv) Tenant shall promptly take all actions at its sole expense as are necessary to remediate the Property as required by law; provided that Landlord’s approval of such actions shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed. Without the Landlord’s prior written consent, Tenant shall not enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claim.

7.6.2. Environmental Indemnity:

(i) Environmental Indemnity by Tenant. From and after the Commencement Date, Tenant shall indemnify, defend and hold Landlord and Indemnitees harmless from and against any demand, lawsuit, liability, obligation, claim, damage, fine, penalty, expense, cost, or cause of action, whether at law or in equity, or any Hazardous Materials Claims resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Environmental Laws, that first occurred on or after the Effective Date, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of Landlord and Indemnitees. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death). Tenant’s indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement.

(ii) Environmental Indemnity by Landlord. From and after the Commencement Date, Landlord shall indemnify, defend and hold Tenant and Tenant’s officers, directors, partners, employees, agent, and representatives harmless from and against any demand, lawsuit, liability, obligation, claim, damage, fine, penalty, expense, cost, or cause of action, whether at law or in equity, or any Hazardous Materials Claims resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Environmental Laws, that first occurred prior to the Commencement Date, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of Tenant. This indemnity shall include any damage, liability,

fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death). Landlord's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement.

7.6.3. No Limitation. Tenant hereby acknowledges and agrees that Tenant's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information the Landlord may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Material, whether the Landlord obtained such information from the Tenant or from its own investigations, unless such information was known to the Landlord at the time of execution of this Agreement but not disclosed to Tenant and not known to Tenant at the time of execution of this Agreement.

7.6.4. Definitions.

(i) **"Hazardous Materials"** means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under sections 25115, 25117 or 25122.7, or listed pursuant to section 25140 of the Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under section 25316 of the Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under section 25501 of the Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under section 25281 of the Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum, or any fraction thereof; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to section 311 of the Clean Water Act (33 U.S.C. § 1317); (x) defined as a "hazardous waste" pursuant to section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, (42 U.S.C. § 6903); or (xi) defined as "hazardous substances" pursuant to section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended.

(ii) **"Environmental Laws"** means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Orange, City, any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Tenant, the Site, the Improvements or Hazardous Materials.

ARTICLE 8.
SURRENDER AND RIGHT TO REMOVE

8.1. Ownership During Term.

8.1.1. Improvements. During the Term of this Lease the Improvements shall, subject to the terms of this Lease, be and remain the property of Tenant.

8.1.2. Personal Property. All personal property, furnishings, fixtures and equipment installed by Tenant in, on or around the Property which (i) are not attached to the Property so as to cause substantial damage upon removal, and (ii) are not necessary for the construction or the normal operation and occupancy of the Project, shall be the personal property of Tenant ("**Personal Property**"). At any time during the Term, Tenant shall have the right to remove the Personal Property provided Tenant shall repair any damage caused by the removal of such Personal Property. Personal Property shall not include any portion or part of building components or fixtures necessary for the completion of the Project or the operation of the basic building systems (such as elevators, escalators, chillers, boilers, plumbing, electrical systems, lighting, sanitary fixtures and HVAC systems) which shall be deemed a part of the Improvements.

8.2. Ownership at Lease Conclusion.

8.2.1. Improvements. Upon the expiration or termination of this Lease ("**Lease Conclusion**") the Improvements and all stoves, refrigerators and dishwashers installed in the residential units ("**Appliances**") shall unconditionally be and become the property solely of Landlord, and no compensation therefor shall be due or paid by Landlord to Tenant for any part thereof, and this Lease shall operate as a conveyance and assignment thereof. Upon Lease Conclusion, Tenant shall surrender to Landlord the Property, the Improvements and the Appliances in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens, claims and encumbrances other than those matters existing prior to the Effective Date or matters subsequently created or consented to by Landlord (such consent not to be unreasonably withheld or delayed). Upon Lease Conclusion, at Landlord's request Tenant agrees to execute, acknowledge and deliver to Landlord such recordable instruments (including a Termination of Memorandum of Lease) as are required by a reputable title company to confirm the termination of the Lease and all Tenant's rights hereunder and to perfect Landlord's right, title and interest in and to the Property, the Improvements and the Appliances.

8.2.2. Personal Property. With the exception of the Appliances, any Personal Property may be removed prior to Lease Conclusion by Tenant; provided, however, the removal shall be with due diligence, and without expense to Landlord, and any part of the Property damaged by such removal shall be promptly repaired by Tenant. Any Personal Property which remains on the Property for 30 days after Lease Conclusion may, at the option of Landlord, be deemed to have been abandoned and either may be retained by Landlord as its property AND TENANT HEREBY WAIVES ANY STATUTES AND OTHER LAWS TO THE CONTRARY. If requested by Landlord within a reasonable time but not less than six months prior to the termination of this Lease, upon Lease Conclusion Tenant shall, at Tenant's sole cost and expense, remove all Personal Property, or portions thereof designated by Landlord.

8.3. Condition of Improvements at Lease Conclusion. Landlord has entered this Lease in reliance on the fact that, at Lease Conclusion, subject to any casualty and/or condemnation, Landlord will receive from Tenant the Improvements and Appliances in good condition and repair, reasonable wear and tear excepted and reflecting the age of the Improvements and Appliances at such time and Landlord's willingness during the Term of this Lease to consent to the encumbrance of Tenant's interest in the Property for construction financing. At any time during the Term, upon not less than two business days' written notice and during normal business hours, Landlord may inspect the Property and Improvements and Appliances to confirm that they are being properly maintained as required herein. Following its inspection, Landlord may deliver to Tenant written notification of any portions of the Property or Improvements or Appliances which Landlord has determined are not being properly maintained and Tenant shall promptly comply with the provisions of this Lease regarding such items; provided, the failure of Landlord to inspect or to notify Tenant of any default hereunder shall not be a waiver of Landlord's right to enforce Tenant's maintenance and repair obligations hereunder.

8.4. Survival. The provisions of this Article 8 shall survive Lease Conclusion.

ARTICLE 9. INSURANCE

9.1. Insurance. Tenant, at its sole cost and expense, commencing upon the Effective Date and continuing throughout the Term (except as otherwise specified below) shall keep and maintain in full force and effect policies of insurance pursuant to and in accordance with the requirements set forth in this Article IX. Landlord shall review and update the insurance requirements no more often than every five years during the term of this Lease and shall provide to Tenant written notice of the updated insurance requirements; provided, however, that any changes to the limits hereunder shall not exceed the increase in the CPI since the Commencement Date, with respect to the first such increase, and thereafter since the last increase pursuant to this Section 9.1.

9.1.1. Tenant and all contractors working on behalf of Tenant on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

9.1.2. Tenant (if Tenant has employees) and all contractors working on behalf of Tenant shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to Landlord evidence satisfactory to Landlord that Tenant and any contractor with whom Tenant has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

9.1.3. Upon commencement of construction work and continuing until issuance of the final certificate of occupancy or equivalent for the Project, Tenant and all contractors working on

behalf of Tenant shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming Landlord as loss payee.

9.1.4. Tenant (if Tenant has employees) and any contractor or subcontractor with whom Tenant or the general contractor has contracted for the performance of work on the Property or otherwise pursuant to this Agreement, shall carry statutory Workers' Compensation insurance and Employer's Liability insurance in a minimum amount of One Million Dollars (\$1,000,000) per accident.

9.1.5. Tenant shall require the Project architect, and engineer to maintain Professional Liability/Errors and Omissions insurance with limits not less than One Million Dollars (\$1,000,000) each claim. The City's Risk Manager may consider requests for lower limits for professionals that will provide a limited scope of services for the Project. Certificates evidencing this coverage must reference both the Tenant and the Indemnitees. If the professional liability/errors and omissions insurance is written on a claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Tenant must purchase, or require the provision of, extended period coverage for a minimum of three years after completion of construction.

9.1.6. Tenant shall maintain property insurance covering all risks of loss (other than earthquake), including flood (if required) for 100% of the replacement value of the Project with deductible, if any, in an amount reasonably acceptable to Landlord, naming Landlord as loss payee.

9.1.7. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Landlord as loss payee as its interest may appear pursuant to this Lease.

9.1.8. Tenant is obligated to have previously delivered to Landlord, as a condition to Closing under the DDLA reasonable evidence of all such insurance. If Tenant has neglected to so, then prior to commencement of construction work, Tenant shall furnish Landlord with certificates of insurance in form reasonably acceptable to Landlord evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify Landlord of any material adverse change, cancellation, termination or non-renewal of the coverage at least 30 days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

9.1.9. If any insurance policy or coverage required hereunder is canceled or reduced, Tenant shall, within 15 days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Landlord a certificate showing that the required insurance has been reinstated or provided through another

insurance company or companies. Upon failure to so file such certificate, Landlord may, without further notice and at its option, procure such insurance coverage at Tenant's expense, and Tenant shall promptly reimburse Landlord for such expense upon receipt of billing from Landlord. Failure to file such certificate shall also constitute an event of default.

9.1.10. Coverage provided by Tenant shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by Landlord, and the policies shall so provide. The Tenant's full insurance limit, including limits that exceed the requirements of this Lease shall be available to cover claims against the Landlord. The insurance policies shall contain a waiver of subrogation for the benefit of the Landlord. Tenant shall furnish the required certificates and endorsements to Landlord prior to the commencement of construction of the Project, and shall provide Landlord with certified copies of the required insurance policies upon request of Landlord.

9.1.11. Tenant shall obtain and deliver to Landlord additional insured endorsements for the general liability coverage, and shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

ARTICLE 10. INDEMNIFICATION BY TENANT

Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord), protect and save Landlord and the City of Brea and its elected and appointed officials, officers, employees, and agents (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, judgments, judicial or administrative proceeding, deficiency, order, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to: the construction, renovation, use, operation, or management of, the Property or the Improvements by Tenant; any breach or default on the part of Tenant in the performance of any covenant or agreement to be performed by Tenant pursuant to this Lease that has not been cured following written notice of such breach or default by Landlord and expiration of any applicable cure period; any negligence of Tenant or any of its agents, contractors, employees, sublessees, or licensees; any accident, injury or damage caused to any person in or on the Property or Improvements; the furnishing of labor or materials by Tenant; or the failure of Tenant to comply with Applicable Laws; whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that Landlord does not and shall not waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations set forth in this Section shall not apply to Claims to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitees. Tenant's obligations under this Article shall survive Lease Conclusion

ARTICLE 11. DAMAGE AND DESTRUCTION

11.1. Damage or Destruction.

11.1.1. In the event of any damage to or destruction of the Improvements during the Term for which insurance coverage is required under this Lease, Tenant shall restore and rebuild the Improvements as nearly as possible to their condition immediately prior to such damage or destruction, subject to any restrictions imposed by changes in Applicable Law and the availability of insurance proceeds for such purpose. Tenant shall commence diligently and continuously to carry out such rebuilding to full completion as soon as possible. Unless Landlord agrees otherwise in writing, Tenant shall commence reconstruction of the Improvements within 180 days following the date upon which insurance proceeds are made available for such work. Tenant shall be deemed to have commenced reconstruction when Tenant engages an architect for such work. Upon the occurrence of damage or destruction, all insurance proceeds paid in respect of such damage or destruction shall be applied to the payment of the costs of the restoration and rebuilding required to be performed by Tenant pursuant to this Lease. The insurance proceeds shall be held in trust by the senior Leasehold Mortgagee, or if none, a financial institution agreed upon by Landlord and Tenant (collectively, “**Insurance Trustee**”), with the costs of such trust to be a first charge against the insurance proceeds. After the completion of the restoration and rebuilding of the Improvements, any remaining insurance proceeds shall be paid to Tenant and Tenant shall be entitled to retain the same.

11.1.2. Notwithstanding the foregoing or any other provision to the contrary in this Article, if a Leasehold Mortgagee requires insurance proceeds payable with respect to a casualty to be paid to it or its successors or assigns pursuant to the terms of its Leasehold Mortgage, the insurance proceeds shall be delivered to such Leasehold Mortgagee to be applied by such Leasehold Mortgagee in accordance with such Leasehold Mortgage. No settlement with the issuer of any insurance policy purchased by the Tenant shall be made without the mutual agreement of the Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate this provision.

11.2. Rebuilding by Tenant. The funds held by the Insurance Trustee shall be held in trust and shall be applied to the cost of rebuilding. Subject to the rights of any Leasehold Mortgagee, any funds held by the Insurance Trustee following final completion of rebuilding and payment of all costs and expenses thereof and removal of any liens related thereto, shall be paid to Tenant.

11.3. Disbursement of Funds. If a Leasehold Mortgagee is the Insurance Trustee, then funds will be disbursed in accordance with the Leasehold Mortgage. If the Leasehold Mortgagee is not the Insurance Trustee, then the Insurance Trustee shall disburse funds only on a periodic basis approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed) and Tenant and only upon receipt of invoices and other documentation, certified as correct by Tenant’s architect, if an architect is required for the repair, evidencing satisfactory completion of the work for which payment is requested (“**Payment Request**”). Further, the Insurance Trustee shall not disburse any funds unless the payment request is accompanied by (a) an executed conditional lien release in form complying with California law relating to all labor and materials

described in the Payment Request and (b) an executed final lien release in form complying with California law releasing all claims for labor and materials described in the immediately preceding Payment Request.

11.4. Notice Required. In the event of material damage to or destruction of the Improvements, or any part thereof, Tenant shall promptly give Landlord and Leasehold Mortgagee notice of such occurrence and take all actions reasonably required to protect against hazards caused by such damage or destruction. For purposes of this Article damage or destruction shall be deemed to be material if the estimated cost to repair equals or exceeds One Hundred Thousand Dollars (\$100,000), increased annually by the CPI.

11.5. Removal of Debris. If this Lease shall terminate following the occurrence of damage to or destruction of the Improvements and at a time when Tenant shall not have restored and rebuilt the Improvements, then Tenant shall, at its cost and expense after the use of any insurance proceeds released for such purpose, remove the debris and damaged portion of Improvements (including without limitation all foundations) and restore the Property and Improvements or the applicable portion thereof to a neat, clean and safe condition.

11.6. Tenant's Right to Terminate. Notwithstanding any contrary provision of this Article, Tenant shall have the option to terminate this Lease and be relieved of the obligation to restore the Improvements where all or substantially all of the Improvements are substantially damaged or destroyed and such damage or destruction resulted from a cause not insured against by Tenant nor required to be insured against by Tenant under this Lease ("**Uninsured Loss**"), and where all of the following occur:

(i) No more than 120 days following the Uninsured Loss, Tenant shall notify Landlord of its election to terminate this Lease. To be effective, such notice must include the written consent of all Leasehold Mortgagees and partners of Tenant to Tenant's exercise of the option to terminate set forth in this Section 11.6. Landlord shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Tenant has obtained the consent of all Leasehold Mortgagees to Tenant's exercise of its option to terminate this Lease.

(ii) No more than 60 days following the giving of the notice required by the preceding paragraph (i) or such longer time as may be reasonable under the circumstances, Tenant shall, at Tenant's expense after the use of any insurance proceeds released for such purpose, remove all debris and other rubble from the Property, secure the Property against trespassers, and at Landlord's election, remove all remaining Improvements on the Property.

(iii) No more than 30 days following Tenant's termination notice, Tenant shall deliver to Landlord a quitclaim deed to the Property and Improvements in recordable form, in form and content reasonably satisfactory to Landlord and/or with such other documentation as may be reasonably requested by Landlord or any title company on behalf of Landlord, terminating Tenant's interest in the Property and Improvements.

ARTICLE 12.
LANDLORD’S RIGHT TO PERFORM TENANT’S COVENANTS

12.1. If Tenant shall at any time fail to pay any Imposition or other charge payable by Tenant to a third party as required by this Lease within the time permitted (which shall be deemed to include any time to contest the same that is permitted by Applicable Laws), or to pay for or maintain any of the insurance policies required pursuant to Article 9 within the time therein permitted, or to make any other payment or perform any other act on its part to be made or performed hereunder within the time permitted by this Lease, then after 30 days’ written notice to Tenant and after satisfying all other notice requirements set forth in this Lease respecting Leasehold Mortgagees and partners of Tenant and such parties’ failure to timely cure (or as applicable, commence to cure) the same, and without waiving or releasing Tenant from any obligation of Tenant hereunder, Landlord may (but shall not be required to): (i) pay such Imposition or other charge payable by Tenant; (ii) pay for and maintain such insurance policies required pursuant to Article 9; or (iii) make such other payment or perform such other act on Tenant’s part to be made or performed under this Lease; and Landlord may enter upon the Property and Improvements for such purpose and take all such action thereon as may be reasonably necessary therefor.

12.2. All sums paid by Landlord and all costs and expense incurred by Landlord in connection with the performance of any such act (together with interest thereon at the Default Rate from the respective dates of Landlord’s making of each such payment) shall constitute additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. The “**Default Rate**” shall mean interest calculated at an annual rate equal to the rate of interest most recently announced by Bank of America N.A. (or its successor bank) at its San Francisco office as its “reference rate” but in no event more than the maximum rate of interest permitted by law. If Bank of America or its successor no longer issues a “reference rate,” the most comparable rate of the largest bank with its corporate headquarters in California shall be used. If there is no such bank or comparable rate, then the Default Rate shall be the highest legal rate of interest that may be charged at that time.

ARTICLE 13.
REPAIRS, CHANGES, ALTERATIONS AND NEW CONSTRUCTION

13.1. Repairs and Maintenance. Tenant covenants and agrees, throughout the Term, without cost to Landlord, to take good care of the Property and to keep the same in good order and condition, reasonable wear and tear excepted. Tenant shall promptly, at Tenant’s own cost and expense, make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, whether contemplated or not contemplated at the time of execution of this Lease, and shall keep the Property in a well maintained, clean and sanitary condition, reasonable wear and tear excepted. The term “repairs” shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the original work, but reflecting the age of the Improvements. Tenant waives any rights created under any law now or hereafter in force to make repairs to the Improvements at Landlord’s expense. Tenant shall keep and maintain all portions of the Property and the sidewalks adjoining the same in a clean and

orderly condition, free of accumulation of dirt, rubbish, and graffiti. From time to time during the Term, upon not less than two business days' prior written notice from Landlord, Landlord may enter the Property, or portions thereof, to determine if Tenant is properly maintaining the Property. If, following any such inspection by Landlord, Landlord delivers notice of any deficiency to Tenant, Tenant shall promptly prepare and deliver to Landlord Tenant's proposed plan for remedying the indicated deficiencies. Tenant's failure to deliver a remedial plan and to complete, within a reasonable time, remedial work shall be a default under this Lease (subject to all applicable notice and cure rights of Tenant, Leasehold Mortgagees, and partners of Tenant). Landlord's failure to deliver, following any Landlord's inspection, any notice of deficiency to Tenant, shall not be a waiver of any default by Tenant under this Article. Tenant shall defend, indemnify, and hold Landlord harmless from and against any claim, loss, expense, cost, or liability incurred by Landlord arising out of Tenant's failure to fully and timely fulfill its obligations to maintain and repair the Property as required.

13.2. Changes and Alterations. Subject to Section 13.3 below, Tenant shall not during the Term make any changes or alterations in, to or of the Improvements without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, so long as Tenant complies with all of the following at Tenant's sole cost and expense:

(i) The change or alteration shall be in harmony with neighboring buildings and shall not materially impair the value or structural integrity of the Improvements.

(ii) The change or alteration shall be for a use which is permitted hereunder.

(iii) No change, alteration or addition shall be undertaken until Tenant shall have obtained and paid for, to the extent the same is required from time to time, all permits and authorizations of any federal, state or municipal government or departments or subdivisions of any of them, having jurisdiction. Landlord shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that Landlord shall incur no liability or expense in connection therewith.

(iv) Any change, alteration or addition shall be made in a good and workmanlike manner and in accordance with all applicable permits and all Applicable Laws.

(v) During the period of initial renovation of, or of construction of any change, alteration or addition in, to or of, the Improvements or of any permitted demolition or new construction or of any restoration, Tenant shall maintain or cause to be maintained property and other applicable insurance described in Article 9, which policy or policies by endorsement thereto, if not then covered, shall also insure any change, alteration or addition or new construction, including all materials and equipment incorporated in, on or about the Improvements (including excavations, foundations and footings) under a broad form all risks builders' risk form or equivalent thereof.

(vi) At Landlord's request, Tenant shall provide Landlord with a copy of as-built drawings for the Improvements within 60 days following the completion of the Improvements.

13.3. Exceptions to Requirement for Consent.

13.3.1. The foregoing notwithstanding, following Landlord's issuance of a Certificate of Completion as provided by the DDLA, Tenant shall not be required to obtain Landlord's prior written consent to any changes, alterations or Improvements so long as all the following requirements are met:

- (i) The change, alteration, or Improvement is nonstructural;
- (ii) The change, alteration or Improvement has a cost of less than Five Hundred Thousand Dollars (\$500,000), increased annually by the CPI; and
- (iii) The provisions of Article VI are satisfied.

13.3.2. Notwithstanding the foregoing, except in response to emergency situations for which it would not be reasonably practicable or possible to provide such advance notice, Tenant shall deliver to Landlord not later than 10 days prior to commencement of any construction, change, alteration or repair, written notice of the proposed work, a general description of the proposed work and sufficient information to permit Landlord to post a notice of non-responsibility on the Property.

13.4. No Right to Demolish. Subject to Section 13.3.1, Tenant shall have no right to demolish any Improvement, once built, unless Tenant shall have received the prior written consent of Landlord which shall not be unreasonably withheld if the age and condition of the Improvements makes repair or reconstruction impractical or financially infeasible.

ARTICLE 14. EMINENT DOMAIN

14.1. Definitions. The following definitions shall apply in construing the provisions of this Article XIV:

- (i) **"Award"** means all compensation, damages or interest, or any combination thereof, paid or awarded for the taking, whether pursuant to judgment, by agreement, or otherwise.
- (ii) **"Notice of intended taking"** means any notice or notification on which a reasonably prudent person would rely and would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes the service of a condemnation summons and complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a written notice of intent to take.
- (iii) **"Partial taking"** means any taking that is not a total taking, a substantial taking, or a temporary taking.

(iv) **“Substantial taking”** means the taking of so much of the Property that the remaining portion thereof would not be economically and feasibly usable by Tenant for the then existing uses and purposes of the Property, in Tenant’s reasonable judgment, but shall exclude a temporary taking.

(v) **“Taking”** means any taking of or damage, including severance damage, to all or any part of the Property or any interest therein by the exercise of the power of eminent domain, or by inverse condemnation, or a voluntary sale, transfer or conveyance under threat of condemnation in avoidance of the exercise of the power of eminent domain or while condemnation proceedings are pending.

(vi) **“Temporary taking”** means the taking of any interest in the Property for a period of less than one (1) year.

(vii) **“Total taking”** means the taking of all or substantially all of the Property, but shall exclude a temporary taking.

14.2. Notice. The party receiving any notice of the kind specified below shall promptly give the other party and all Leasehold Mortgagees written notice of the receipt, contents and date of the notice received:

- (i) Notice of intended taking;
- (ii) Service of any legal process relating to condemnation of all or any portion of the Property;
- (iii) Notice in connection with any proceedings or negotiations with respect to such a condemnation; or
- (iv) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

14.3. Respective Interests. Landlord and Tenant, and any Leasehold Mortgagee, each shall have the right to represent its respective interest in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of their respective claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the mutual agreement of Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate the provisions of this Lease relating to condemnation.

14.4. Total or Substantial Taking.

14.4.1. Effect. In the event of a total or substantial taking of fee title to the Property, Tenant’s interest in this Lease and all obligations of Tenant subsequently accruing shall cease as of the date of the vesting of title in the condemning authority; provided, however, that if actual physical possession of all or part of the Property is taken by the condemning authority prior to such date of vesting of title, Tenant’s obligations to pay Rent and other sums under this Lease shall terminate as of such earlier date. In the event of a total or substantial taking of an interest in the

Property other than fee title, at Tenant's option (exercisable by written notice to Landlord), Tenant's interest in this Lease and all obligations of Tenant subsequently accruing hereunder shall cease as aforesaid.

14.4.2. Award on Total or Substantial Taking. In the event of a total or substantial taking, the Award shall be apportioned as follows, in the following order:

(i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.

(ii) To Landlord that portion of the Award equal to the fair market value of Landlord's reversionary interest in the Property and the Improvements.

(iii) To Tenant, that portion of the Award equal to the fair market value of Tenant's leasehold estate in the Property and fee interest in the Improvements (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above.

14.5. Temporary Taking. In the event of a temporary taking, Tenant shall be entitled to the whole Award, and this Lease shall remain in full force and effect.

14.6. Partial Taking.

14.6.1. Effect. In the event of a partial taking, this Lease shall remain in full force and effect, covering the remainder of the Property, and Tenant shall repair and restore any damage to the Improvements caused by such partial taking consistent with and subject to the provisions applicable to a restoration in the event of an insured casualty under Article 9, so that after completion of the restoration the Improvements shall be, as nearly as possible, in a condition as good as the condition immediately preceding the partial taking. The Award for any partial taking shall be deposited and disbursed in the same manner as insurance proceeds are disbursed for restoration pursuant to Article 9, and upon completion of the restoration, any remaining portion of the Award shall be allocated as set forth in Section 14.6.2.

14.6.2. Award on Partial Taking. In the event of a partial taking, after application of the Award for restoration pursuant to Section 14.6.1, any remaining portion of such Award shall be apportioned as follows, in the following order:

(i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.

(ii) To Landlord, that portion of the Award attributable to the fair market value of Landlord's reversionary interest in the portion of the Property and Improvements taken.

(iii) To Tenant, that portion of the Award equal to the fair market value of the portion of the Improvements taken (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above, but only to the extent that the proceeds of the Award are not used for restoration of the Improvements.

(iv) The balance, if any, shall be allocated between Landlord and Tenant respectively in that proportion in which (i) the fair market value of the Property bears to (ii) the fair market value of the Improvements exclusive of the reversionary interest of Landlord. Any “bonus value” attributable to this Lease shall be paid to Landlord.

(v) Any severance damages awarded or payable because only a portion of the Property is taken by eminent domain shall be paid to Tenant.

14.6.3. Tenant in Default. No payments shall be made to Tenant pursuant to this Section if any default by Tenant hereunder has occurred and is continuing unless and until such default is cured; provided, however, that during the continuation of any such default, the amounts owed to Tenant pursuant to this Section shall be used to offset any damages owed by Tenant under this Lease in connection with any such default.

14.6.4. Partial Taking in Last Fifteen Years. If a partial taking occurs during the last 15 years of Term and the reasonably estimated cost of reconstruction work exceeds, for each such remaining year of the Term, the same percent of the replacement value of the Improvements as the number of years remaining, Tenant shall have the right and option to treat the same as a substantial taking by giving written notice thereof to Landlord no later than 60 days following the earlier of: (a) the date of vesting of title in the condemning authority of the portion of the Property taken; or (b) the date upon which the condemning authority takes physical possession of such portion of the Property. If Tenant does give such notice the partial taking shall be considered as a substantial taking and the taking shall be subject to the provisions of Section 14.4. For example, if there are 14 years remaining, then the applicable percentage of the replacement value that would permit Tenant to treat the taking as a substantial taking is 14%.

ARTICLE 15. MORTGAGES

15.1. Leasehold Mortgages. Tenant shall have the right, at any time and from time to time during the Term, to encumber its leasehold interest hereunder with a Leasehold Mortgage or Mortgages provided that (a) no Leasehold Mortgage shall in any way impair (except as otherwise stated herein or as provided by law) the enforcement of Landlord’s right and remedies herein and by law provided, (b) any such Leasehold Mortgage shall at all times be subject and subordinate to, and shall not affect or become a lien upon Landlord’s right, title or estate in the Property or in this Lease, and (c) Tenant shall give Landlord prior written notice of any such Leasehold Mortgage, accompanied by a true and correct copy of any such Leasehold Mortgage. Any Leasehold Mortgage shall be subject to the terms and conditions set forth in this Article.

15.2. Rights of Leasehold Mortgagee.

15.2.1. Notices. If Tenant shall have provided Landlord with written notice of the address of any Leasehold Mortgagee, Landlord shall mail to such Leasehold Mortgagee a copy of any notice under this Lease at the time of giving such notice to Tenant, and no such notice shall be effective against such Leasehold Mortgagee, and no termination of this Lease or termination of Tenant’s right of possession of the Property or reletting of the Property by Landlord predicated on

the giving by Landlord of any notice shall be effective, unless Landlord gives to such Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or termination, as the case may be.

15.2.2. Right to Cure.

(i) In the event of any default by Tenant under the provisions of this Lease, the Leasehold Mortgagee shall have the right, but not the obligation, to remedy or cause to be remedied such default (including the right to enter the Property and to take possession of the Property if necessary to cure the default) within the same cure period as afforded Tenant hereunder, extended by an additional 60 days, which cure period shall commence as against the Leasehold Mortgagee upon the delivery to the Leasehold Mortgagee of the notice of default. Landlord shall accept such performance by the Leasehold Mortgagee as if the same had been done by Tenant.

(ii) The term “**incurable default**” as used herein means any default which cannot be reasonably cured by a Leasehold Mortgagee, such as a bankruptcy by Tenant. The term “**curable default**” means any default under this Lease which is not an incurable default. Any failure to pay monetary sums shall at all times be deemed a curable default. Any failure to comply with the requirements of Section 7.2 shall at all times be deemed a curable default, and as to Leasehold Mortgagees or any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof), Landlord shall not terminate this Lease provided such party is diligently and in good faith proceeding to cure any such default. In the event of any curable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake the curing of such default, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with reasonable diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease, by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property, appoint a receiver, exercise any other remedy under this Lease, or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the curing of such default or effecting such foreclosure, and upon completion of a foreclosure (or assignment or deed in lieu thereof) and obtaining of possession by the Leasehold Mortgagee, the Leasehold Mortgagee shall have a reasonable time to cure the default. The foregoing sentence shall not be deemed to extend the time period within which a default in the payment of money must be cured under Section 15.2.2 (a). The Leasehold Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings. Nothing herein shall preclude Landlord from terminating this Lease with respect to any additional default which shall occur during any period of forbearance and not be remedied within the cure period, if any, applicable to any such additional default, except that Leasehold Mortgagee shall have the same rights specified in this Article XV with respect to any additional defaults.

(iii) In the event of any incurable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) of this Lease, the Leasehold Mortgagee shall give Landlord written notice that it intends to exercise its rights to acquire the leasehold interest of Tenant by foreclosure or otherwise, and shall promptly commence and then

proceed with reasonable diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in effecting such foreclosure and such incurable default shall be deemed cured upon the foreclosure of the Leasehold Mortgage (or assignment or deed in lieu thereof).

(iv) If the default by Tenant pertains to the failure of Tenant to complete construction of the Project within the time period required under Section 6.2, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a), the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with reasonable diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the completion of the construction of the Project or effecting such foreclosure or acquisition of possession.

(v) If a Leasehold Mortgagee is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings for Leasehold Mortgagee shall be extended for the period of such prohibition.

15.2.3. Execution of New Lease.

(i) If this Lease is terminated for any reason, including by Tenant's trustee in bankruptcy, receiver, liquidator or other similar person on account of a default or if Tenant's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of the Leasehold Mortgagee, or pursuant to judicial proceedings, and if:

(a) All monetary defaults of Tenant have been cured, and

(b) The Leasehold Mortgagee shall have arranged to the reasonable satisfaction of Landlord to cure any other curable default of Tenant under this Lease, then Landlord, within 30 days (or such period as may reasonably be necessary to enable Landlord to comply with statutory requirements applicable to Landlord's lease of real property) after receiving a written request therefor, which shall be given within 60 days after such termination or transfer and upon payment to it of all reasonable out-of-pocket expenses, including attorneys' fees, incident thereto, will execute and deliver a new lease of the Property to the Leasehold Mortgagee or its affiliate or other nominee or to the purchaser, assignee or transferee, as the case may be, for the remainder of the Term, containing the same covenants, agreements, terms, provisions, priority, and limitations. The tenant under such new lease shall be personally obligated only for the performance of obligations under the Lease commencing as of the date of such foreclosure or assumption, and ending as of the date of any assignment of the Lease to a successor tenant.

(ii) Upon the execution and delivery of a new lease, the new tenant, in its own name or in the name of Landlord may take all appropriate steps as shall be necessary to remove Tenant from the Property, but Landlord shall not be subject to any liability for the payment of fees, including attorneys' fees, costs or expenses in connection therewith, and the new tenant shall pay all such fees, including attorneys' fees, costs and expenses, on demand, and shall make reimbursement to Landlord of all such fees, including attorneys' fees, costs and expenses, incurred by Landlord. Tenant acknowledges and agrees that Landlord shall have no liability whatsoever to Tenant in connection with any such action, and releases Landlord from any claim Tenant may have with respect thereto.

(iii) Following foreclosure or enforcement of a Leasehold Mortgage, or assignment in lieu thereof, Landlord will recognize the purchaser or assignee of the leasehold estate as the Tenant under the Lease.

(iv) After such termination and cancellation of the Lease and prior to the expiration of the period within which the Leasehold Mortgagee may elect to obtain a new lease from Landlord, Landlord shall refrain from terminating any existing sublease or otherwise encumbering the Property or the Improvements without the prior written consent of the Leasehold Mortgagee. Any new lease shall vest in the new lessee all right, title, interest, power and privileges of Tenant hereunder in and to the Property and the Improvements, including the assignment of Tenant's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of Tenant. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of the Lease was superior to the lien of the Leasehold Mortgage that the new lessee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of the Lease, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of the Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee. If more than one entity claims to be the Leasehold Mortgagee that is entitled to a new lease pursuant to this subsection, Landlord shall enter into such new lease with the lender whose mortgage or deed of trust is prior in lien. Landlord, without liability to Tenant or any lender with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state of California as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease.

15.2.4. Tenant Default Under Leasehold Mortgage. If Tenant defaults under a Leasehold Mortgage, the Leasehold Mortgagee may exercise with respect to Tenant's interest in the Property and the Improvements any right, power or remedy under the Leasehold Mortgage which is not in conflict with the provisions of this Lease, including without limitation, judicial or nonjudicial foreclosure of the Leasehold Mortgage (or deed or assignment in lieu thereof), appointment of a receiver, and/or revocation of Tenant's license to collect rents.

15.2.5. No Merger. There shall be no merger of this Lease or any interest in this Lease, nor of the leasehold estate created hereby, with the fee estate in the Property, by reason of the fact that this Lease or such interest therein, or such leasehold estate may be directly or indirectly held by or

for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a Leasehold Mortgage to a Leasehold Mortgagee who shall hold the fee estate in the Property or any interest of the Landlord under this Lease.

15.2.6. Assumption of Obligations. For the purpose of this Article, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or Transfer of this Lease or of the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant. The purchaser at any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the leasehold estate hereby created under any instrument or assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, in order to be deemed to be an assignee or transferee and before the same shall be binding on Landlord, must assume in writing the performance of all of the terms, covenants, and conditions on the part of Tenant during the period such party holds a leasehold interest in the Property by an instrument, in recordable form, reasonably satisfactory to Landlord; provided however, that nothing contained herein shall be construed to require the purchaser, assignee or transferee as described above to be obligated to cure any default by Tenant.

15.2.7. Limitation of Leasehold Mortgagee Liability for Tenant Defaults. Notwithstanding any contrary provision hereof: (i) no Leasehold Mortgagee shall be required to pay any liens or charges that are extinguished by the foreclosure of its Leasehold Mortgage; (ii) any incurable default shall be, and shall be deemed to have been waived by Landlord upon completion of foreclosure proceedings or acquisition of Tenant's interest in this Lease by any purchaser at a foreclosure sale, or any entity who otherwise acquires Tenant's interest from the Leasehold Mortgagee by deed in lieu of foreclosure; and (iii) the liability of a Leasehold Mortgagee and any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof shall be limited to its leasehold interest in this Lease and shall extend to any other assets of such Leasehold Mortgagee or entity. Any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof) acquires an interest in the leasehold only, and shall be liable to perform the obligations of Tenant under this Lease only during the period such entity retains ownership of the interest of Tenant in the Property and in this Lease.

15.3. Non-Subordination of Fee. Nothing in this Lease shall be construed as an agreement by Landlord to subordinate its fee interest in the Property or its right to rent payments hereunder or any other right of Landlord herein. Except as expressly set forth in this Article, no Leasehold Mortgage shall impair Landlord's ability to enforce its rights and remedies under this Lease or provided by law. Landlord shall have no obligation to encumber or otherwise subordinate its fee interest in the Property or in this Lease to the interest of any Leasehold Mortgagee in this Lease or in Tenant's leasehold estate.

15.4. Subsequent Transfers. With the exception of the first transfer following a foreclosure or deed in lieu of foreclosure, which such first transfer shall not require consent of Landlord, in the event any person or entity becomes the lessee under the Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease obtained under Section 15.2.7, such person or entity may assign or Transfer the Lease or such new lease in compliance with the terms of Article XVI.

15.5. Landlord's Rights Under Leasehold Mortgages.

15.5.1. Notice of Tenant's Default. Tenant shall use commercially reasonable efforts to ensure that every Leasehold Mortgage secured by a deed of trust on Tenant's leasehold estate in the Property shall expressly provide that:

(i) The Leasehold Mortgagee shall endeavor to give Landlord contemporaneous notice of any default by Tenant thereunder, if the failure to cure such default could reasonably be expected to result in acceleration of the maturity of the debt secured by the Leasehold Mortgage; provided however, that the Leasehold Mortgagee's giving or failure to give notice shall not affect the Leasehold Mortgagee's rights or ability to timely pursue all applicable remedies, including, but not limited to, filing a notice of default or notice of sale, instituting judicial foreclosure proceedings, or seeking the appointment of a receiver. In addition, within three business days following Tenant's receipt of any notice of default under any financing document affecting the Property, Tenant shall provide Landlord with a copy of such notice.

(ii) Landlord shall have the right to cure any curable default by Tenant (but without obligation to do so) upon the same terms and conditions and within the time period for Tenant to cure; and

(iii) If Landlord shall tender payment in full of all sums required to be paid under the Leasehold Mortgage or the note secured thereby (disregarding any acceleration of maturity thereunder, but including any costs or expenses arising as a result of such default) on or before 60 calendar days from the date of such notice of default from the Leasehold Mortgagee to Landlord or the date of recordation of such notice of default, then the lender shall accept such payment and rescind the acceleration, if any. Any sums paid by Landlord pursuant to this Section 15.5.1 shall become immediately due and payable from Tenant to Landlord as Rent due under this Lease; provided however, that no Leasehold Mortgagee shall be obligated to cure a failure by Tenant to pay such amount pursuant to the rights granted to Leasehold Mortgagees under this Lease and Landlord shall have no right to terminate this Lease as a result of Tenant's failure to pay such amounts.

15.5.2. Landlord shall have the right and option (but not the obligation), during the period described in the last sentence of this paragraph, by notice in writing to the Leasehold Mortgagee, to purchase any Leasehold Mortgage, the note secured thereby, and any other instruments securing or guaranteeing such note or otherwise evidencing any obligation secured by the Leasehold Mortgage. The purchase price therefor shall be the full amount due and owing to the Leasehold Mortgagee, including interest (including default interest), and any costs, expenses, swap termination fees, and penalties (including prepayment penalties) payable in accordance with the terms thereof, and any swap contract entered into in connection with such loan. The sale and

assignment by the Leasehold Mortgagee shall be without recourse or warranty by the Leasehold Mortgagee except that such Leasehold Mortgagee has good title to the note (or is authorized to obtain payment or acceptance on behalf of one who has good title) and has the authority to transfer the loan to the Landlord. The right granted by this paragraph may be exercised by Landlord at any time after the Leasehold Mortgagee has declared the entire sum secured by any Leasehold Mortgage to be due and payable or has recorded a notice of default or filed an action for judicial foreclosure, and such right shall terminate 60 days following receipt by Landlord of the notice described above.

15.6. No Voluntary Surrender/Modification. Notwithstanding anything to the contrary set forth herein, Landlord will not voluntarily surrender the Lease or accept a voluntary surrender of the Tenant's leasehold estate, and Landlord will not amend or modify the Lease without the prior written consent of (i) all holders of any Leasehold Mortgage then in effect (which such party may withhold in such party's sole discretion), and (ii) the limited partners of Tenant. Landlord will not enforce against any Leasehold Mortgagee any waiver or election made by Tenant under the Lease which has a material adverse effect on the value of Tenant's leasehold estate or the rights of Tenant under the Lease without the prior written consent of such Leasehold Mortgagee (which may be withheld in its sole discretion).

15.7. Leasehold Mortgagee Right to Pay Landlord Obligations. Leasehold Mortgagees identified by written notice by Tenant to Landlord shall have the right, but not the obligation, upon not less than five business days' prior written notice to Landlord, to pay any taxes payable by Landlord with respect to the Property, and to cure any monetary or nonmonetary default by Landlord under any encumbrance on the Property which has priority over this Lease; and if any Leasehold Mortgagee does so pay or cure any such encumbrance (not including any property taxes or assessments, which are to be paid by Tenant), Landlord shall reimburse such Leasehold Mortgagee for the amount thereof promptly following Landlord's receipt of Leasehold Mortgagee's written request therefor.

15.8. Amendments for the Benefit of Leasehold Mortgagees. Landlord and Tenant shall cooperate to include in this Lease by reasonable amendment from time to time, reasonable provisions which may reasonably be requested by any proposed Leasehold Mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Lease and allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of the Leasehold Mortgage upon the occurrence of a default under the Lease. Landlord and Tenant each agree to execute and deliver (and acknowledge, if necessary for recording purposes) any agreement reasonably necessary to effect any such amendment; provided however, that any such amendment shall not in any way affect the Term, the Rent payable hereunder, nor otherwise in any material respect adversely affect any rights or materially increase the obligations of Landlord under this Lease.

15.9. No Encumbrance to Fee Estate. Landlord hereby represents and warrants to Tenant that there are no mortgages or deeds of trust encumbering Landlord's fee interest in the Property and that during the Term of this Lease Landlord will not secure any loan or other obligation by its fee estate in the Property. Each Leasehold Mortgagee is an intended third party beneficiary of the foregoing representation and warranty.

ARTICLE 16.
ASSIGNMENT, TRANSFER, SUBLETTING

16.1. Restrictions on Transfer or Assignment by Tenant.

16.1.1. Prior to the issuance of a Certificate of Completion for the Project as provided by the DDLA, any sale, transfer, assignment, conveyance, or other disposition of all or any portion of Tenant's interest in the Property, the Improvements, or this Lease shall be prohibited without the prior written consent of Landlord. Upon issuance and recordation of the Certificate of Completion for the Project as provided by the DDLA, except as permitted pursuant to Article XV and this Article, Tenant shall not sell, transfer, assign, convey, or otherwise dispose ("**Transfer**") all or any portion of its interest in the Property, the Improvements or this Lease voluntarily, involuntarily, by operation of law, or otherwise, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Each Transfer shall comply with all requirements therefor set forth elsewhere in this Lease and Tenant shall have no right to hypothecate or encumber its interest in this Lease or sublet or assign all or any portion of the Property and/or the Improvements except as expressly provided under the terms of this Lease. No voluntary or involuntary assignee, sublessee, or successor in interest of Tenant shall acquire any rights or powers under this Lease except as expressly set forth herein.

16.1.2. Exceptions. Notwithstanding any contrary provision of this Lease, Landlord's consent shall not be required, and the provisions of Section 16.2 shall not be applicable, with respect to the following Transfers: (A) the renting or leasing of residential units to tenants in the ordinary course of business in accordance with the Affordable Housing Covenant; (B) the granting of a Leasehold Mortgage in accordance with Section 15.1 or the foreclosure of a Leasehold Mortgage or the acquisition of Tenant's interest in this Lease by an assignment or deed in lieu of foreclosure; and (C) the first Transfer and/or any new lease following any event described in clause (B) of this sentence. In addition, Landlord's consent shall not be required for any Transfer of Tenant's interest in the Property or any portion thereof, to an entity in which Jamboree Housing Corporation ("**JHC**"), retains 50% or more of the equity or beneficial interest in such entity and controls such entity, or to a limited partnership in which JHC or its affiliate acts as the general partner, provided Landlord is given the applicable entity organizational documents. None of the transfer of limited partner interests in Tenant, the admission of an investor limited partner to Tenant's partnership, or the removal of a general partner by the investor limited partner pursuant to the limited partnership agreement pursuant to the terms of Section 16.7 shall be considered a Transfer for purposes of this Article.

16.2. Procedure for Obtaining Landlord's Consent.

16.2.1. Transfer Request. With respect to each Transfer requiring the Landlord's consent under Section 16.1, Tenant shall send to Landlord written request for Landlord's approval of the Transfer (a "**Transfer Consent Request**") specifying the name and address of the proposed transferee and its legal composition (if applicable). Each Transfer Request shall be accompanied by all of the following:

- (i) An audited or certified financial statement of the proposed transferee for the three most recent calendar or fiscal years (or shorter period that such entity has been in existence)

prepared in accordance with generally accepted accounting procedures by a certified public accounting firm sufficiently current and detailed to evaluate the proposed transferee's assets, liabilities and net worth and certified as true and correct by the proposed transferee;

(ii) A description of the nature of the interest proposed to be transferred, the portion or portions of the Property affected by the Transfer, and the proposed effective date of such Transfer;

(iii) A true and complete copy of the proposed assumption agreement described in Section 16.6 and any other documents relating to the assignment and assumption (including any documents that include payment for the assignment);

(iv) A complete history of the proposed transferee describing its background, its current real estate projects and location thereof, and the background of the principals or personnel to be involved in the development or operation of the portion of the Property subject to the Transfer and stating whether the proposed transferee ever filed for bankruptcy or had projects that were foreclosed;

(v) A description of all projects of the proposed transferee which during the past five years have been the subject of substantial litigation; and

(vi) Any such other information as reasonably requested by Landlord within 15 days following the receipt of the above information, in order to make an informed decision whether or not to approve or disapprove the Transfer.

16.2.2. Approval of Landlord. Within 30 days following receipt of all the information referred to in Section 16.3(a), Landlord shall approve or disapprove a proposed transferee with respect to the information supplied which approval shall not be unreasonably withheld. If Landlord fails to give Tenant written notice of its disapproval of the transferee or request additional information in writing within such period, it shall be deemed to have approved the transferee.

16.3. Subleases; Nondisturbance, and Attornment. Tenant shall not permit its space tenants to sublease their apartment units. Tenant agrees for the benefit of Landlord that each sublease, rental agreement, and any other agreement for occupancy of any part of the Improvements (each an **"Occupancy Agreement"**): (a) shall state that it is subject to the terms and provisions of this Lease, and (b) shall require that the subtenant under the Occupancy Agreement shall attorn to and accept Landlord as the sublessor or other party under the Occupancy Agreement in the event this Lease is terminated. Landlord agrees that as long as each Occupancy Agreement complies with the requirements of the preceding clauses (a) and (b), then upon the expiration or termination of this Lease, Landlord shall recognize the subtenant or occupant under the Occupancy Agreement as the direct tenant of Landlord under the terms and conditions contained in the Occupancy Agreement and for a term equal to the then unexpired term of the Occupancy Agreement; provided however, that: (i) at the time of the expiration or termination of this Lease no uncured default shall exist under the Occupancy Agreement which at such time would permit the termination of the Occupancy Agreement or the exercise of any dispossession remedy provided for therein; and (ii) Landlord shall not be (x) liable for any prior act or omission of Tenant under the Occupancy Agreement; (y) liable for the return of any security deposit under the Occupancy Agreement not

actually received by Landlord; or (z) subject to any offsets or defenses that the subtenant or occupant may have against Tenant. The provisions of this Section shall survive the expiration or termination of this Lease.

16.3.1. No Relief from Liability; Release of Transferor. No Transfer will limit, diminish, or otherwise relieve Tenant or a successor in interest/assignee of any liability described herein arising during its ownership of the leasehold estate evidenced by this Lease. Landlord shall release the transferor following a Transfer only upon Landlord's receipt transferee's written assumption of such liability and only if such Transfer is in violation of the terms of this Section.

16.3.2. No Consent If Bankruptcy. In no event shall Landlord be required to consent or be deemed to consent to a Transfer to a party then subject to any proceedings under any insolvency, bankruptcy or similar laws.

16.3.3. Criteria for Transfer. Among other valid reasons for withholding consent, Landlord shall be deemed to be reasonable in withholding its consent to a proposed Transfer if, among other requirements, the proposed transferee does not have demonstrated experience operating and managing affordable residential projects similar to the Project.

16.4. Involuntary and Other Transfers.

16.4.1. Without limiting any other restrictions on transfer contained in this Lease, no interest of Tenant in this Lease, the Property or part thereof shall be assignable in the following manner:

(i) Under an order of relief filed, or a plan of reorganization confirmed, for or concerning Tenant by a bankruptcy court of competent jurisdiction under the federal bankruptcy act or the laws of the State of California, whereby any interest in this Lease, the Property or part thereof is assigned to any party which does not qualify as an approved transferee pursuant to this Lease unless such order is filed or such plan is confirmed in connection with an involuntary proceeding brought against Tenant and Tenant reacquires such transferred interest within 120 days after the date such order is filed or such plan is confirmed;

(ii) If Tenant assigns substantially all of its assets for the benefit of its creditors;
or

(iii) If an order of attachment is issued by a court of competent jurisdiction, whereby any interest in this Lease, the Property or part thereof or substantially all of Tenant's assets are attached by its creditors and such order of attachment is not stayed within 120 days after the date it is issued.

16.4.2. The transfers described in this Section shall constitute a breach under this Lease by Tenant and Landlord shall have the right to terminate this Lease as a result of any such transfer taking place, in which case this Lease shall not be treated as an asset of Tenant. In such event, a Leasehold Mortgagee or Limited Partner may request a new lease in accordance with Section 15.2.3.

16.5. Assumption Agreement and Release. No permitted Transfer shall be effective until any curable default hereunder shall have been cured and there shall have been delivered to Landlord an assumption agreement, executed by the transferor and the proposed transferee, whereby such transferee expressly assumes liability for such Lease obligations as arise and accrue during the period in which the transferee retains ownership of the interest of Tenant in the Property and in this Lease. The parties agree that as a condition to any Transfer taking place the transferee shall deliver to Landlord representations and warranties confirming the accuracy of the information delivered to Landlord concerning its current financial condition and its outstanding or pending liabilities.

16.6. Change in General Partner of Tenant. In addition to the restrictions on Transfers as set forth in this Article, Landlord shall have the right to approve any change in the identity of the general partner of Tenant, including without limitation, any admission of any new general partner or withdrawal of any existing general partner. Such approval right of Landlord shall also apply to the transfer of a majority of the ownership interest in a general partner of Tenant. Notwithstanding any contrary provision of this Section, Landlord's approval shall not be required with respect to any change in the identity or ownership of the general partner of Tenant as long as following such change the general partner of Tenant continues to be an entity which controls, is controlled by, or is under common control with JHC. For purposes of this Article, "control" shall mean the right to direct the management and affairs of an entity, whether by virtue of the ownership of ownership interests, by contract, by appointment of directors or by common or overlapping boards.

16.7. Sale by Landlord. Nothing contained in this Lease shall be deemed in any way to limit, restrict or otherwise affect the right of Landlord to sell, transfer, assign or convey all or any portion of the right, title and estate of Landlord in the Property and in this Lease; provided, however, that in each such instance any such sale, transfer, assignment or conveyance shall be subject to this Lease, and Tenant's other rights arising out of this Lease shall not be affected or disturbed in any way by any such sale, transfer, assignment or conveyance. Any other provision of this Lease to the contrary notwithstanding, each covenant, agreement or obligation of Landlord under this Lease relating to the ownership or use of the Property is intended to and shall constitute a covenant running with the title to the Property and shall be binding upon the owner from time to time of the Property. At such time as Landlord shall sell, transfer, assign or convey the entire right, title and estate of Landlord in the Property and in this Lease, all obligations and liability on the part of Landlord arising under this Lease after the effective date of such sale, transfer, assignment or conveyance shall terminate as to Landlord, and thereupon all such liabilities and obligations shall be binding upon the transferee. Tenant shall have a right of first refusal to purchase the Property from Landlord on the same terms on which Landlord is willing to sell the Property.

ARTICLE 17.
BREACHES, REMEDIES AND TERMINATION

17.1. Event of Default. Tenant shall be in default under this Lease upon the occurrence of any of the following (each, an “**Event of Default**”):

17.1.1. Monetary Obligation. Tenant at any time is in default hereunder as to any monetary obligation (including without limitation, Tenant’s obligation to pay taxes and assessments due on the Property or part thereof, subject to Tenant’s rights to contest such charges pursuant to Section 5.2), and such default continues for 30 days after a written notice of default is delivered by Landlord to Tenant;

17.1.2. Insurance. Tenant fails to obtain and maintain any policy of insurance required pursuant to this Lease, and such failure continues for 30 days after a written notice of default is delivered by Landlord to Tenant;

17.1.3. Abandonment. Tenant abandons the Property in accordance with Civil Code Section 1951 et. seq.;

17.1.4. Bankruptcy. Tenant or any general partner of Tenant files a voluntary petition in bankruptcy or files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of Tenant (or any general partner of Tenant) or of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

17.1.5. Reorganization. A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Tenant seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree remains unvacated and unstayed for an aggregate of 120 days from the first date of entry thereof, or any trustee receiver or liquidator of Tenant of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof is appointed without the consent or acquiescence of Tenant and such appointment remains unvacated and unstayed for an aggregate of 120 days, such period to be extended in all cases during any period of a bona fide appeal diligently pursued by Tenant;

17.1.6. Attachment. Subject to Tenant’s right to contest the following charges pursuant to Sections 5.2 and 6.6, Tenant fails to pay prior to delinquency taxes or assessments due on the Property or the Improvements or fails to pay when due any other charge that may result in a lien on the Property or the Improvements, and Tenant fails to cure such default within 90 days of the date of delinquency, but in all events prior to the date upon which the holder of any lien has the right to pursue foreclosure thereof;

17.1.7. Transfer. Tenant Transfers all or any portion of Tenant's interest in this Lease, the Property, the Improvements or part thereof in violation of the provisions of Article XVI and fails to rescind such Transfer within 30 days after written notice from Landlord

17.1.8. Other Obligations. Tenant defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section and unless a shorter cure period is specified for such default, the default continues for 30 days after the date upon which Landlord shall have given written notice of the default to Tenant; provided however, if the default is of a nature that it cannot be cured within 30 days, an Event of Default shall not arise hereunder if Tenant commences to cure the default within 30 days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion.

17.2. Notice and Opportunity to Cure.

17.2.1. Notice of Breach. Unless expressly provided otherwise in this Lease, no breach by a party shall be deemed to have occurred under this Lease unless another party first delivers to the nonperforming party a written request to perform or remedy ("**Notice of Breach**"), stating clearly the nature of the obligation which such nonperforming party has failed to perform, and stating the applicable period of time, if any, permitted to cure the default.

17.2.2. Failure to Give Notice of Breach. Failure to give, or delay in giving, Notice of Breach shall not constitute a waiver of any obligation, requirement or covenant required to be performed. Except as otherwise expressly provided in this Lease, any failure or delay by either party in asserting any rights and remedies as to any breach shall not operate as a waiver of any breach or of any such rights or remedies. Delay by either party in asserting any of its rights and remedies shall not deprive such party of the right to institute and maintain any action or proceeding which it may deem appropriate to protect, assert or enforce any such rights or remedies.

17.3. Remedies Upon Default.

17.3.1. Landlord's Remedies. Upon the occurrence and during the continuation of any Event of Default and in addition to any and all other rights or remedies of Landlord hereunder and/or provided by law, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV, Landlord shall have the right to terminate this Lease and/or Tenant's possessory rights hereunder, in accordance with applicable law to re-enter the Property and take possession thereof and of the Improvements, and except as otherwise provided herein, to remove all persons and property therefrom, and to store such property at Tenant's risk and for Tenant's account, and Tenant shall have no further claim thereon or hereunder.

17.3.2. Remedies Upon Abandonment. If Tenant should breach this Lease and abandon the Property, Landlord may, at its option, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV, enforce all of its rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Property, and all costs, including attorneys' and receiver's fees incurred in connection with the appointment of and performance by a receiver to protect the Property and Landlord's interest under this Lease.

17.3.3. Landlord Right to Continue Lease. In the event of any default under this Lease by Tenant (and regardless of whether or not Tenant has abandoned the Property), this Lease shall not terminate (except by an exercise of Landlord's right to terminate under Section 17.3.1) unless Landlord, at Landlord's option, elects to terminate Tenant's right to possession or, at Landlord's further option, by the giving of any notice (including, without limitation, any notice preliminary or prerequisite to the bringing of legal proceedings in unlawful detainer) to terminate Tenant's right to possession. For so long as this Lease continues in effect, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all rent and other monetary payments as they become due. For the purposes of this Lease, the following shall not constitute termination of Tenant's right to possession: (a) acts of maintenance or preservation or efforts to relet the Property; or (b) the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease.

17.3.4. Right to Injunction; Specific Performance. In the event of a default by Tenant under this Lease that remains uncured beyond any applicable grace periods permitted hereunder, Landlord shall have the right to commence an action against Tenant for injunction, and/or specific performance. Tenant's failure, for any reason, to comply with a court-ordered injunction or order for specific performance shall constitute a breach under this Lease.

17.3.5. Damages Upon Termination. Should Landlord elect to re-enter the Property, or should Landlord take possession pursuant to legal proceedings or to any notice provided by law, this Lease shall thereupon terminate, and Landlord may recover from Tenant all amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things are likely to result therefrom, including all costs (including attorneys' fees) of repossession, removing persons or property from the Property, repairs, reletting, and reasonable alterations of the Improvements in connection with reletting, if any.

17.4. Right to Receiver. Following the occurrence of an Event of Default, if Tenant (and all Leasehold Mortgagees and Limited Partners) fails after delivery of a notice of default or Notice of Breach to cure the default within the time period set forth in this Lease, Landlord, at its option, may have a receiver appointed to take possession of Tenant's interest in the Property with power in the receiver (a) to administer Tenant's interest in the Property, (b) to collect all funds available in connection with the operation of the Property, and (c) to perform all other acts consistent with Tenant's obligations under this Lease, as the court deems proper. Landlord's rights under this Section 17 shall be subject and subordinate to the rights of all Leasehold Mortgagees and Limited Partners.

17.5. Remedies Cumulative. No remedy in this Article shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised from time to time and as often as occasion may arise or as may be deemed expedient.

17.6. No Election of Remedies. The rights given in this Article to receive, collect or sue for any rent or rents, moneys or payments, or to enforce the terms, provisions and conditions of this Lease, or to prevent the breach or nonobservance thereof, or the exercise of any such right or of

any other right or remedy hereunder or otherwise granted or arising, shall not in any way affect or impair or toll the right or power of Landlord upon the conditions and subject to the provisions in this Lease to terminate Tenant's right of possession because of any default in or breach of any of the covenants, provisions or conditions of this Lease beyond the applicable cure period.

17.7. Survival of Obligations. Nothing herein shall be deemed to affect the right of Landlord to indemnification for liability arising prior to the termination of the Lease for personal injuries or property damage or in connection with any other Claim, nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief is appropriate. No expiration or termination of the Lease by operation of law, or otherwise, and no repossession of the Property or any part thereof shall relieve Tenant of its previously accrued liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession.

17.8. No Waiver. Except to the extent that Landlord may have agreed in writing, no waiver by Landlord of any breach by Tenant of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be deemed a waiver by Landlord of its rights or remedies with respect to such breach.

ARTICLE 18. GENERAL PROVISIONS

18.1. Estoppel Certificates. At any time and from time to time, Landlord and Tenant, shall for the benefit of each other and any Limited Partner or Leasehold Mortgagee, on at least 15 days' prior written request by the requesting party, deliver to the party requesting same a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the same is in full force and effect as modified and stating the modifications) and stating whether or not, to the best knowledge of the certifying party, the other party is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the certifying party may have knowledge and such other statements or certifications reasonably requested. A prospective purchaser, or mortgagee shall be entitled to request such a statement and rely on a statement delivered hereunder.

18.2. Quiet Enjoyment. Landlord covenants and agrees that Tenant (and pursuant to the provision of Articles XV and XVII, respectively, any Leasehold Mortgagee and Limited Partner, as applicable), upon paying the Rent and all other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Property during the Term of this Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations and conditions of this Lease.

18.3. Landlord's Right to Enter the Property. Landlord and its agents may enter the Property or the Improvements from time to time with not less than two business days' written notice (and, upon Tenant's request, when accompanied by representative(s) of Tenant), except for emergencies in which case no notice shall be required, to inspect the same, to post notices of nonresponsibility

and similar notices, and to discharge Tenant's obligations hereunder when Tenant has failed to do so within a reasonable time after written notice from Landlord.

18.4. Severability. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

18.5. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Lease shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by either (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

Landlord: City of Brea
1 Civic Center Circle
Brea, CA 92821
Attention: City Manager

Tenant:

With copies to: [TBD Tax Credit Investor]

Leasehold Mortgagees: [TBD]

18.6. Construction. The language in all parts of this Lease shall be construed as a whole, according to its fair meaning and not strictly for or against Landlord or Tenant. Unless otherwise indicated, references to "Section ___" shall refer to provisions of this Agreement. The terms "include," "includes" and "including" are non-exhaustive. The term "shall" is mandatory and the term "may" is permissive.

18.7. Tenant's Rights. Landlord acknowledges that, subject to Tenant's obligations to pay rent pursuant to the terms of this Lease, Tenant shall have the exclusive right to deduct, claim, retain and enjoy any and all income, appreciation gain, depreciation, amortization and tax credits for federal and state tax purposes relating to the Property and Landlord shall treat Tenant as the tax owner of the Property for federal income tax purposes and shall not file any tax returns inconsistent with this treatment.

18.8. Binding on Successors. Subject to the restrictions on Transfers set forth in Article XVI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

18.9. Short Form of Lease. A memorandum of lease substantially in the form set forth in the attached Exhibit B shall be executed by Landlord and Tenant and recorded in the Office of the Orange County Recorder.

18.10. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court for Orange County, California or in the Federal District Court for the Southern District of California.

18.11. Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

18.12. Indemnity Includes Defense Costs. In any case where either party is obligated under an express provision of this Lease, to indemnify and to save the other party harmless from any damage or liability, the same shall be deemed to include defense of the indemnitee by the indemnitor, such defense to be through legal counsel reasonably acceptable to the indemnitee.

18.13. No Brokers; No Third-Party Beneficiaries. Landlord represents that it has not engaged any broker or agent to represent Landlord in this transaction. Tenant represents that it has not engaged any broker or agent to represent Tenant in this transaction. Each party agrees to indemnify and hold the other harmless from and against any and all liabilities or expenses, including attorneys' fees and costs, arising out of, or in connection with claims made by any broker or individual for commissions or fees as a result of the acts of the indemnifying party. There shall be no third-party beneficiaries to this Lease other than the Leasehold Mortgagees.

18.14. Disclaimer of Partnership, Lender/Borrower Relationship. The relationship of the parties under this Lease is solely that of landlord and tenant, and it is expressly understood and agreed that Landlord does not as a result of this Lease in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise. This Lease is not intended to, and shall not be construed to, create the relationship of principal and agent, partnership, joint venture, association, or seller and buyer as between Landlord and Tenant. It is further expressly understood and agreed that this Lease is not intended to, and shall not be construed to create the relationship of lender and borrower, and Landlord does not, solely as a result of this Lease, become a lender to Tenant.

18.15. Entire Agreement; Amendments. This Lease together with the DDLA, the Affordable Housing Covenant and the other documents executed in connection with the DDLA contains the entire agreement between the parties relative to the subject matter hereof. All previous correspondence, communications, discussions, agreements, understandings or proposals and acceptances thereof between the parties or their representatives, whether oral or written, are deemed to have been integrated into and superseded by this Lease and are of no further force and

effect except as expressly provided in this Lease. No amendment or modification hereof shall be effective for any purpose unless in writing signed by Landlord and Tenant.

18.16. Time is of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation, and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a “business day” means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

18.17. Survival. The following provisions shall survive the expiration or termination of this Lease: all representations made by Tenant hereunder, Tenant’s release of Landlord pursuant to Section 2.6, Tenant’s indemnification and defense obligations and all other provisions of this Lease which state that they shall survive the expiration or termination of this Lease.

18.18. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

18.19. Action by the Landlord. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the Landlord is required or permitted under this Lease, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the governing board of the Landlord. The City Manager shall not unreasonably withhold, condition or delay the giving, making or taking of any such action.

18.20. Books and Records; Inspection of Books and Records. Tenant shall keep and maintain at the Project, or elsewhere with City’s written consent, full, complete, and accurate books, records, and accounts relating to the Project, including such books, records, and accounts necessary to document Tenant’s compliance with this Lease and prevailing wage laws. Upon request, Tenant shall permit the Landlord to inspect those books, records and all other documents of Tenant necessary to determine Tenant’s compliance with the terms of this Agreement.

18.21. No Termination During Compliance Period; No Termination for Default Under Regulatory Agreement. Notwithstanding anything in this Lease to the contrary, (i) during the 15 year tax credit compliance period under Section 42 of the Internal Revenue Code, Landlord shall have no right to terminate this Lease; provided, however, that Landlord can exercise all other remedies available hereunder, and (ii) Landlord shall have no right to terminate this Lease for a default under the Regulatory Agreement, and shall be limited to the remedies contained therein.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the Effective Date.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

**EXHIBIT A
TO GROUND LEASE**

Legal Description of the Property

(Attached)

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**EXHIBIT B
TO GROUND LEASE**

FORM OF MEMORANDUM OF LEASE

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

THE UNDERSIGNED DECLARE:

Documentary Transfer Tax is \$0.00; City Transfer Tax is \$0.00.

Conveyance for no consideration (long term lease with no rent).

THIS MEMORANDUM OF GROUND LEASE (“**Memorandum**”), dated for identification purposes as of _____, 20__, is entered into by and between the CITY OF BREa, a municipal corporation (“**City**”), and _____, L.P., a California limited partnership (“**Tenant**”).

Pursuant to that certain Ground Lease dated _____, 202_ (the "**Lease**"), Landlord hereby leases to Tenant and Tenant leases from Landlord certain real property situated in the City of Brea, California, more specifically described on Exhibit A attached hereto (the "**Site**").

City has determined and found that the Site is in excess of its foreseeable needs.

The term of the Lease commences as of the date of the Lease, and shall continue until the date that is ninety-nine (99) years after the completion of the housing project described in the Lease (as evidenced by a final Certificate of Occupancy), unless sooner terminated pursuant to the terms of the Lease.

All of the terms of the Lease are hereby incorporated herein by reference.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of date set forth above.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

EXHIBIT A
To Memorandum of Lease

LEGAL DESCRIPTION

(Attached)

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EXHIBIT H
PRELIMINARY FINANCING PLAN

(Attached)

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RESOLUTION NO. _____

A RESOLUTION OF THE BREA CITY COUNCIL APPROVING A DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT BETWEEN THE CITY AND JHC-ACQUISITIONS, LLC, REGARDING THE CITY-OWNED PARCEL AT 323 NORTH BREA BOULEVARD (APN 296-301-02), MAKING CERTAIN FINDINGS PURSUANT HEALTH AND SAFETY CODE SECTION 33433, AND APPROVING A CEQA EXEMPTION DETERMINATION

A. RECITALS.

(i) The City of Brea, in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency, is the owner in fee simple of that certain real property located in the City at 323 North Brea Boulevard (the "Property"), which is also designated as Assessor's Parcel Number 296-301-02.

(ii) The Property is vacant, undeveloped, and not currently being used by the City. The Property was identified as an opportunity site for affordable housing units in City's 5th Cycle Housing Element and again in the 6th Cycle Housing Element ("Housing Element"). The current Housing Element was certified by the State on September 8, 2022.

(iii) The Housing Element also discusses permanent supportive housing as a form of affordable housing with on-site management for services that help residents transition into more stable, productive lives. Services may include childcare, after-school tutoring, career counseling, etc. Permanent supportive housing is treated as a multi-family residential land use where rent is paid and typically does not impose a defined limit on length of residency. Permanent supportive housing is a separate and different use than transitional housing.

(iv) On May 11, 2023, the City of Brea issued a Notice of Funding Availability ("NOFA") for an affordable housing development, soliciting proposals from developers for an affordable multi-family residential project. Jamboree Housing Corporation (the "Developer") was the sole respondent to the NOFA and proposed a multi-family project serving low and extremely low-income households.

(v) The City and the Developer subsequently worked together to identify additional funding opportunities for an affordable housing development on the Property. This included submittal of an application for a CalOptima Health ("CalOptima") grant for permanent supportive housing production on May 17, 2023. The City was ultimately awarded a grant for \$6,028,491.51 on October 20, 2023.

(vi) On March 11, 2024, the Developer submitted a preliminary plan review application for a permanent supportive affordable housing project ("Project") on the Property. The Project would include fewer than 40 apartment units for households earning at or below 30% of the Area Median Income ("AMI"), an onsite manager, and resident and case management services. As part of their application, the Developer has requested

financial contributions and other considerations for the Project, which can help leverage other funding sources.

(vii) The City and the Developer subsequently negotiated the terms of the Disposition, Development, and Loan Agreement (“Agreement”) that is the subject of this Resolution. The Agreement establishes the terms and conditions under which the City and the Developer would enter into a ground lease for a term of 99 years and develop the Project. The City would lease the Property to the Developer for \$1.00 per year and provide other financial assistance, as stated in the Agreement and in the Report described in Recital (ix) below. In exchange, the Developer would develop the Project as required by the Agreement; including operating requirements and affordable housing covenants. The Agreement is intended to effectuate the objectives of the City in complying with its obligation to assist in providing low and moderate income housing pursuant to the Health and Safety Code and the Housing Element of the City’s General Plan. A copy of the Agreement is attached as Exhibit A to this Resolution and hereby incorporated by this reference.

(viii) On May 7, 2024, the City Council adopted Resolution No. 2024-030, declaring and determining that the Property is exempt surplus land and not necessary for the City’s use pursuant to Government Code Section 54221(f)(1)(B).

(ix) The City has prepared a comprehensive report summarizing and analyzing the proposed Agreement pursuant to Health and Safety Code Section 33433 (the “Report”). The report specifically contains the information required by Section 33433, has been prepared within the time limit set forth therein and, along with the proposed Agreement, were made available for public review as of the date of the first publication of the notice of the public hearing concerning the Agreement.

(x) The City is specifically authorized by Health and Safety Code Sections 33430, 33431 and 33433, and other applicable law, to enter into the Agreement.

(xi) Pursuant to the provisions of Health and Safety Code Sections 33430, 33431 and 33433, on May 21, 2023 the City Council held a duly noticed public hearing concerning the approval of the Agreement, during which it received and considered all evidence and testimony presented prior to adoption of this Resolution.

(xii) All legal prerequisites to adoption of this Resolution have occurred.

B. RESOLUTION.

NOW, THEREFORE, the City Council of the City of Brea does hereby find, determine, and resolve as follows:

SECTION 1. All facts set forth above in Part A, Recitals, are true and correct.

SECTION 2. This Resolution is based on facts set forth above, the Report, the entirety of the administrative record in this matter, and the independent judgment of the City Council.

SECTION 3. The City Council finds in accordance with the authority of Health and Safety Code Section 33433 that: (i) the consideration the City will receive under the Agreement is not less than the fair reuse value of the Property, as conveyed to Developer and with the covenants, conditions, and development constraints required by the Agreement; and (ii) development of the Property pursuant to the Agreement will assist in the elimination of blight in the area because it will encourage and provide for development of vacant properties in accordance with the Housing Element and the City's General Plan and improve and expand housing opportunities for low income residents.

SECTION 4. The City Council finds that development of the Project pursuant to the Agreement will be consistent with the City's General Plan, and each element thereof, including the Housing Element.

SECTION 5. The City Council finds that the 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 requirements.

SECTION 6. The City Council finds that the Agreement pertains to and affects the ability of the parties to finance and carry out their statutory purposes and is intended to be a contract within the meaning of Government Code Section 53511.

SECTION 7. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"). Staff has determined that approval of the Agreement is exempt from environmental review under CEQA pursuant to State CEQA Guidelines Section 15194. The Project: (i) meets the threshold criteria set forth in in State CEQA Guidelines Section 15192, (ii) is located in an urbanized area, adjacent to parcels developed with urban uses along at least 75% of the Property's perimeter; (iii) will be served by existing utilities; (iv) neither contains any environmentally sensitive resources such as wetlands, endangered species, hazardous sites, historical resources, fire hazards, or open spaces, nor is likely to have any impact with respect to such matters; (v) is consistent with the City's Zoning Ordinance and the City's General Plan, for which a community wide environmental review was completed when the City's General Plan was last adopted; and (vi) is subject to legal commitments to ensure the continued availability and use affordable housing units that will exceed 30 years.

SECTION 8. Based on the foregoing findings and all facts and evidence in the administrative record concerning the Agreement, the City Council hereby approves the Agreement. The officers and staff of the City, jointly and severally, are authorized and directed to take any and all actions they may deem necessary or proper to effectuate the purposes of this Resolution including making any non-monetary (i.e. no financial impact on the City) revisions to the Agreement and associated documents.

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

ADOPTED this 21st day of May, 2024, by the following votes:

Christine Marick
Mayor

ATTEST: _____
Lillian Harris-Neal
City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the ____ day of _____, 2024 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

Dated:_____

Lillian Harris-Neal
City Clerk

Exhibit A
to Resolution No. _____

Disposition, Development, and Loan Agreement
By and between
The City of Brea
and
JHC-Acquisitions, LLC

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

By and between

THE CITY OF BREA

and

JHC-ACQUISITIONS LLC

May 21, 2024

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THIS DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT (“**Agreement**”) is dated May 21, 2024 (“**Effective Date**”) for reference purposes and is executed by the CITY OF BREa, a California municipal corporation (“**City**”), and JHC-ACQUISITIONS LLC, a California limited liability company (“**Developer**”). City and Developer are collectively referred to herein as the “**Parties**.”

RECITALS

- A. City is the owner of property located at 323 N. Brea Boulevard (APN 296-301-02) described in the attached **Exhibit A** (“**Property**”). City intends to ground lease the Property to Developer and make a secured loan to Developer, and Developer intends to ground lease the Property from City and accept such loan, upon and subject to the terms and conditions set forth herein.
- B. The Property was acquired by the former Brea Redevelopment Agency using its housing set aside funds, and the funds for the City loan are also derived from such housing set aside funds. City is the successor to the housing assets of the former Brea Redevelopment Agency, including the Property and such funds. A copy of this Agreement, and a report summarizing the same, have been made available to the public as required by Health and Safety Code Section 33433.
- C. City has determined that the Property is “exempt surplus land” within the meaning of Government Code Section 54221(f)(1)(B) because it is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. Confirmation of City’s determination by the California Department of Housing and Community Development is a condition precedent to closing.
- D. Developer has proposed to develop and operate on the Property a 39-unit multi-family rental housing development (consisting of 38 apartments that will be affordable to extremely low income households and one manager’s unit) and other amenities (collectively, “**Project**”).
- E. Upon satisfaction of the conditions precedent to closing, and subject to the terms and conditions set forth herein, City will: (i) lease the Property to Developer for 99 years pursuant to a lease substantially in the form set forth in the attached **Exhibit G** (“**Ground Lease**”); and (ii) assist in financing the Project by providing Developer a secured loan of \$4,457,483 (“**City Loan**”) pursuant to a promissory note substantially in the form set forth in the attached **Exhibit C** (“**City Loan Note**”).
- F. As conditions to the closing, among other documents, Developer will execute and deliver to escrow for recording (or in the case of the nonrecordable documents, including the Ground Lease and the City Loan Note, Developer will deliver directly to City) the following: the Ground Lease; the City Loan Note; a deed of trust, substantially in the form set forth in the attached **Exhibit D** (“**Deed of Trust**”), that will provide City with a security interest in Developer’s leasehold interest in the Property to secure the City Loan; an assignment of architect and engineer contracts and plans, substantially in the form of the

attached **Exhibit E** (“**Assignment**”), that will provide City with a security interest to secure the City Loan; a memorandum of ground lease; and an affordable housing restrictive covenant substantially in the form set forth in the attached **Exhibit F** (“**Affordable Housing Agreement**”).

- G. A material inducement to City to enter into this Agreement and close the transactions described herein is the agreement by Developer to comply with the Ground Lease and the Affordable Housing Agreement, including the obligation to develop the Project in accordance with and within the time periods specified in the Ground Lease. City would be unwilling to close this transaction in the absence of an enforceable commitment by Developer to take such actions and complete such work in accordance with such provisions and within such time periods.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS; EXHIBITS

Section 1.1 **Incorporation of Recitals.** The Parties acknowledge the truth of the foregoing recitals which are hereby incorporated into this Agreement by this reference.

Section 1.2 **Definitions.** The following terms shall have the meanings set forth below whenever used in this Agreement and the attached Exhibits. Additional terms are defined in the Recitals and text of this Agreement.

“**Affordable Housing Agreement**” means an affordable housing restrictive covenant substantially in the form set forth in the attached **Exhibit F**.

“**Assignment**” means a collateral assignment of architect and engineer contracts and plans substantially in the form attached as **Exhibit E**.

“**City**” means the City of Brea, California.

“**City Council**” means the Brea City Council.

“**City Documents**” means collectively, this Agreement, the City Loan Note, the Deed of Trust, the Affordable Housing Agreement, the Notice, the Assignment, and the Ground Lease.

“**City Loan**” is defined in Recital E and further described in Section 4.1.

“**City Loan Note**” means a secured promissory note substantially in the form set forth in the attached **Exhibit C**.

“City Manager” means the Brea City Manager or such official’s designee.

“Closing,” “Closing Date” and **“Close of Escrow”** each shall mean the date that escrow closes for the City Loan and shall be the date upon which the term of the Ground Lease commences and the Memorandum of Lease is recorded.

“Commencement Date” means the date that the term of the Ground Lease commences, which shall be the Closing Date.

“Conditions of Approval” means all governmental conditions imposed on any governmental approvals or permits granted for the Project.

“Construction Plans” is defined in Section 5.4.

“County” means the County of Orange, California.

“CTCAC” means the California Tax Credit Allocation Committee.

“Deed of Trust” means a leasehold deed of trust substantially in the form set forth in the attached **Exhibit D**.

“Developer” means JHC-Acquisitions LLC, and its successors and assigns.

“Developer Parties” means Developer and Developer’s agents, employees, consultants, contractors, and subcontractors, and any person acting on behalf of, or as the invitee of, any of the foregoing.

“Developer’s Permitted Exceptions” is defined in Section 3.1.

“Effective Date” is the date specified in the preamble to this Agreement.

“Environmental Laws” is defined in Section 6.3.2.

“Escrow Agent” is defined in Section 3.4.

“Ground Lease” means a ground lease substantially in the form set forth in the attached **Exhibit G**.

“Hazardous Material” is defined in Section 6.3.1.

“Improvements” means the improvements to be developed on the Property pursuant to this Agreement and the Ground Lease.

“Indemnitees” means City and its elected and appointed officials, officers, employees, and agents.

“Lender’s Title Policy” is defined in Section 3.8.5.

“Loan Proceeds” means the proceeds of the City Loan.

“Memorandum of Lease” is defined in Section 3.8.4, and the form of it is attached as an exhibit to the Ground Lease.

“Notice” means a Notice of Affordability Restrictions on Transfer of Property, and the form of it is attached as an exhibit to the Affordable Housing Agreement.

“Official Records” means the Official Records of Orange County.

“Owner’s Title Policy” is defined in Section 3.9.3.

“Preliminary Title Report” is defined in Section 3.1.

“Project” is defined in Recital D and more particularly described in the Ground Lease.

“Property” is defined in Recital A and described in the Ground Lease.

“Property Management Plan” is defined in Section 5.7

“Residential Marketing Plan” is defined in Section 5.6.

“Title Company” is defined in Section 3.4.

“Updated Financing Plan” is defined in Section 2.4.2.

Section 1.3 Exhibits. The following Exhibits are attached and incorporated into this Agreement by this reference:

Exhibit A Legal Description of the Property

Exhibit B Pre-Closing Schedule

Exhibit C Form of City Loan Note

Exhibit D Form of Leasehold Deed of Trust (which includes the post-closing schedule and Memorandum of Lease)

Exhibit E Form of Assignment

Exhibit F Forms of Affordable Housing Agreement

Exhibit G Form of Ground Lease

Exhibit H Preliminary Financing Plan (Project Budget; Sources and Uses of Funds; Pro-forma/projected Operating Income/Expense Statement)

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE; PROJECT SCOPE; FINANCING PLAN

Section 2.1 Developer's Representations. Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition that would cause any of the warranties and representations in this Section 2.1 to be untrue, Developer shall promptly give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City. Developer represents, warrants, and covenants that the following are true and correct in all material respects as of the Effective Date, and shall be true and correct in all material respects as of the Closing Date.

2.1.1 Organization. Developer is a limited liability company, duly organized and in good standing under the laws of the State of California.

2.1.2 Authority of Developer. Developer has full power and authority to execute and deliver this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

2.1.3 Authority of Persons Executing Documents. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

2.1.4 Valid and Binding Agreements. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of Developer, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

2.1.5 No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement, the other City Documents, or any other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default

under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

2.1.6 Pending Proceedings. Except as disclosed in writing to City prior to execution of this Agreement, to Developer's knowledge, (i) Developer is not in default under or in violation of any law or regulation or under any order of any court, board, commission or agency whatsoever, and, (ii) there are no claims, actions, suits or proceedings pending or threatened against or affecting Developer, at law or in equity, before or by any court, board, commission or agency. Developer is not the subject of a bankruptcy or insolvency proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Developer's assets has been made. As used in this Section 2.1, the phrase "to Developer's knowledge" shall mean and refer to the actual knowledge of Michael Massie, without duty of inquiry or investigation.

Section 2.2 City's Representations. City covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition that would cause any of the warranties and representations in this Section 2.2 to be untrue, City shall promptly give written notice of such fact or condition to Developer. City acknowledges that Developer shall rely upon City's representations made herein notwithstanding any investigation made by or on behalf of Developer. City represents, warrants, and covenants that the following are true and correct in all material respects as of the Effective Date, and shall be true and correct in all material respects as of the Closing Date.

2.2.1 Organization. City is a California municipal corporation, duly formed and operating under the laws of the State of California.

2.2.2 Authority of City. City has full power and authority to execute and deliver this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

2.2.3 Authority of Persons Executing Documents. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of City, and all actions required by City and under applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

2.2.4 Valid and Binding Agreements. This Agreement, the other City documents, and all other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of

City, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

2.2.5 No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement, the other City Documents, or any other documents or instruments that have been or that will be executed and delivered by City pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on City, or will conflict with or constitute a breach of or a default under any agreement to which City is a party, or will result in the creation or imposition of any lien upon any assets or property of City, other than liens established pursuant hereto.

2.2.6 Legal Parcel The Property is a legally formed parcel in the approximate size of .437 acres.

2.2.7 City is Fee Owner. City is the owner of the entire right, title, and interest in and to the Property.

2.2.8 No Litigation. There are no pending or, to City's knowledge, threatened claims, allegations or lawsuits of any kind that could materially and adversely affect the value of the Property or prohibit the conveyance of a leasehold interest therein, nor to the best of City's knowledge, is there any governmental investigation of any type or nature pending or threatened against or relating to the Property or the transactions contemplated hereby. As used in this Section 2.2, the phrase "to City's knowledge" shall mean and refer to the actual knowledge of Bill Gallardo, without duty of inquiry or investigation.

2.2.9 Due Diligence Materials. City has provided to Developer full and complete copies of all studies reports and other due diligence documents and information pertaining to the Property that are in City's possession or control.

2.2.10 No Property Agreements. No portion of the Property is subject to any lease, license, option, or use agreement (any such agreement a "Property Agreement") and no person or entity other than City has any right to occupy or use the Property or any portion thereof.

Section 2.3 Project Scope; Design and Development Standards. The contemplated Project is described in Recital D and in the Ground Lease.

Section 2.4 Financing Plan; Project Schedule.

2.4.1 Preliminary Financing Plan. As set forth in the Preliminary Financing Plan set forth in the attached **Exhibit H**, Developer has preliminarily proposed financing the Project with a combination of a conventional construction loan that will convert to a permanent loan upon completion of construction, equity contributions from federal low-income housing tax credit investors, the City Loan, a loan from the County of Orange, a Cal Optima Health Grant Award.

2.4.2 Updated Financing Plan. Developer shall submit for City approval (such approval not to be unreasonably withheld, conditioned or delayed) Developer's updated plans for construction and permanent financing of the Project (the "**Updated Financing Plan**") and such

submission and approval shall be a condition to Closing. The Updated Financing Plan shall indicate all sources of funds necessary to pay, when due, and the estimated costs of the Project (including the hard and soft construction costs), and shall be accompanied by evidence that all such funds are subject to binding commitments, from Developer, equity investors, and lenders, subject only to commercially reasonable conditions. The Updated Financing Plan shall include development and operating pro-formas which set out in detail Developer's plan for financing the costs of leasing the Property, and constructing and operating the Project. In addition, if applicable, the Updated Financing Plan shall be accompanied by an updated project schedule for approval by City and, if approved, the post-closing construction schedule attached to the form of Ground Lease shall be revised accordingly.

2.4.3 City Review/Approval of Updated Financing Plan.

(a) City shall use good faith efforts to review the proposed Updated Financing Plan as soon as reasonably possible. Within 15 days after Developer's submittal, the City Manager shall approve or disapprove the Updated Financing Plan in writing, and in the event, of disapproval, shall set forth the objections. If the City Manager disapproves the Updated Financing Plan, Developer shall submit revisions that address the reasons for disapproval. The City Manager's failure to timely approve or disapprove the proposed Updated Financing Plan shall be deemed to be an approval by City.

(b) If Developer proposes to modify the Updated Financing Plan after it has been approved by City, Developer shall submit proposed modifications to City for review and approval (such approval not to be unreasonably withheld, conditioned or delayed). The same review and notice and amendment provisions set forth in the preceding paragraph shall apply to City's review of proposed modifications.

2.4.4 Tax Credit Funds and Other Financing Sources; Timing.

(a) Developer will submit applications to CTCAC, and other funding sources in accordance with the pre-closing schedule set forth in the attached **Exhibit B** in order to secure allocations of federal low-income housing tax credits, and if applicable, state tax credits, and other financing for the Project to enable construction to commence by the date that is 30 days after the Close of Escrow. Upon award of a preliminary reservation from CTCAC, Developer shall exercise diligent good faith efforts to obtain a funding commitment from a reputable equity investor. Developer's procurement of a CTCAC allocation and receipt of commitments from an equity investor, and the actual closing of loans from construction and permanent lenders sufficient to fully finance development of the Project are conditions precedent to the Closing (including City's obligation to lease the Property to Developer and provide the City Loan).

(b) The Closing must occur by the deadline in **Exhibit B**, and shall not be subject to delays for Force Majeure. However, provided Developer is in compliance with this Agreement, including diligently pursuing the financing required to develop the Project, as contemplated pursuant to subparagraph (a) above, the City Manager may grant two one-year written extensions to such deadline.

(c) If the Closing does not occur by the Closing deadline set forth in **Exhibit B** (as such deadline may be extended pursuant to subparagraph (b) above), either Developer or City shall have the right, by delivery of written notice to the other party, to terminate this Agreement, subject to any provisions and obligations which state that they survive termination.

ARTICLE III

LEASE OF THE PROPERTY; CONDITIONS PRECEDENT TO CLOSING

Section 3.1 Lease of Property; Review of Title. Within five days after the Effective Date, Developer shall obtain from Title Company a preliminary title report describing the state of title of the Property (“**Preliminary Title Report**”). Developer shall notify City in writing (“**Developer’s Objection Notice**”) of any objections Developer may have to title exceptions contained in the Preliminary Title Report not later than 30 days following the Effective Date (“**Title Review Period**”). In the event Developer fails to deliver Developer’s Objection Notice prior to the expiration of the Title Review Period, Developer shall conclusively be deemed to have approved the state of title of the Property. City shall have a period of five business days after receipt of Developer’s Objection Notice in which to deliver written notice to Developer (“**City’s Notice**”) of City’s election to either: (i) remove the objectionable items prior to the Close of Escrow; or (ii) decline to remove any such title exceptions and terminate the escrow and this Agreement. If City fails to deliver City’s Notice within such period, City shall be deemed to have elected to decline to remove such title exceptions and terminate the escrow and this Agreement. If City notifies or is deemed to have notified Developer of its election to terminate the escrow rather than remove the objectionable items, Developer shall have the right, by written notice delivered to City not later than 60 days following the Effective Date, to agree to accept the Property subject to the objectionable items. In such event City’s election to terminate the escrow shall be of no effect, and Developer shall acquire its leasehold interest in the Property at the Close of Escrow subject to such objectionable items. Notwithstanding the foregoing, City shall, on or before the Close of Escrow, remove all deeds of trust and financing statements as an encumbrance to title, without the necessity for an objection by Developer. Upon the issuance of any amendment or supplement to the Preliminary Title Report which has additional exceptions for matters not shown on the original Preliminary Title Report, the foregoing right of review and approval shall also apply to such amendment or supplement (provided that the period for Developer to review such amendment or supplement shall be the later of the expiration of the Title Review Period or five days from receipt of the amendment or supplement). If Developer properly notifies City of its disapproval of the state of title to the Property on or before the expiration of the Title Review Period (or such longer period as may be provided in the immediately sentence), this Agreement and the escrow shall terminate.

Section 3.2 Ground Lease/Possession at Closing. On the Closing Date, City shall deliver possession of the Property to the Developer pursuant to the Ground Lease.

Section 3.3 Ground Lease/Prepayment of Rent. At the Closing, Developer shall pay the sum of \$99 to City as prepaid rent under the Ground Lease (through escrow or outside of escrow).

Section 3.4 Escrow. City and Developer shall open escrow at the office of Commonwealth Land Title Company or such other title company as the Parties may agree upon (“**Escrow Agent**” or “**Title Company**”) in order to consummate the lease of the Property to Developer and the Close of Escrow.

Section 3.5 Costs of Closing and Escrow; Legal Fees. Developer shall pay all title insurance premiums for title policies Developer elects to purchase in connection with the lease of the Property and the financing of the Project, and Developer shall pay all recording fees, transfer taxes, escrow fees, and closing costs incurred in connection with the lease of the Property and the financing of the Project. Developer shall pay for the cost of the lender’s policy of title insurance that must be issued to City insuring City’s deed of trust which secures the City Loan. Property taxes and assessments shall be prorated as of the Closing Date. City and Developer shall provide Escrow Agent with a copy of this Agreement, which together with such supplemental instructions as City or Developer may provide and which are consistent with this Agreement, or which are otherwise mutually agreed upon by City and Developer, shall serve as escrow instructions for the Close of Escrow.

Section 3.6 Closing Deadline. The Closing Date shall occur on or before the deadline set forth in **Exhibit B** as such deadline may be extended pursuant to Section 2.4.4(b) above), or if earlier, within 30 days following the satisfaction or waiver of all conditions precedent to the Close of Escrow as set forth in Sections 3.8 and 3.9.

Section 3.7 Closing Deliveries; Recording. Prior to the Close of Escrow, Developer shall deliver the executed City Loan Note, Ground Lease, and Assignment to City, and shall deposit into escrow the recordable City Documents to which Developer is a party, executed and acknowledged as applicable, Developer’s share of closing costs, and funds in the amount required to pay all rent due under the Ground Lease (i.e., \$99), and all other costs and expenses payable by Developer pursuant to this Agreement and the City Documents. Provided that all conditions precedent to Close of Escrow have been satisfied or waived, City shall deposit into escrow executed copies of the recordable City Documents to which City is a party. On the Closing Date, the Escrow Agent shall cause the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and then the Deed of Trust, in that order, without intervening recordings, to be recorded in the Official Records (it being understood that any subordination of the City’s Deed of Trust must be evidenced by a reasonable, recorded subordination agreement approved and signed by the City Manager).

Section 3.8 City’s Conditions to Closing. City’s obligations to lease the Property to Developer and close the City Loan (i.e., the “Closing”) are conditioned upon the satisfaction of the terms and conditions set forth in this Section 3.8, unless any such condition is waived in writing by the City Manager, which may be given or withheld in the City Manager’s sole and absolute discretion.

3.8.1 **No Default.** There shall exist no condition, event or act which would constitute a breach or default by Developer under this Agreement or any other City Document, or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

3.8.2 Representations. All representations and warranties of Developer contained herein or in any other City Document or certificate delivered in connection with the transactions contemplated by this Agreement shall be true and correct in all material respects as of the Close of Escrow.

3.8.3 Due Authorization and Good Standing; Organizational Documents. Developer shall have delivered to City copies of all of the following, including updated versions of any of the following that have been amended or modified since the date of any prior delivery of such documents to City: (i) Developer's good standing certificate and articles of incorporation, each certified by the Secretary of State; and (ii) Developer's bylaws/operating agreement, and resolutions authorizing Developer's execution of and performance under this Agreement and the other City Documents, each certified by an officer or other authorized party as accurate, complete, and in full force and effect.

3.8.4 Execution, Delivery and Recordation of Documents. Developer shall have executed, acknowledged as applicable, and delivered all documents required in connection with the contemplated transactions, including the City Note, the Deed of Trust, the Assignment, the Affordable Housing Agreement, the Notice, the Ground Lease, and a Memorandum of Lease substantially in the form attached as an exhibit to the Ground Lease ("**Memorandum of Lease**").

3.8.5 Lender's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an ALTA Lender's Policy of Title Insurance for the benefit and protection of City ("**Lender's Title Policy**") in the amount of the City Loan, insuring that the Deed of Trust is recorded against Developer's leasehold interest in the Property, subject only to senior liens, title exceptions and such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as City may approve in writing and containing such endorsements as City may reasonably require, with the cost of such Lender's Title Policy to be paid by Developer.

3.8.6 Financing Plan. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the Updated Financing Plan, including the sources of construction and permanent financing, and the construction and operating budgets for the Project.

3.8.7 Commitment/Closing of all Other Loans and Equity Funds. All loans and commitments of equity for the construction of the Project shall have closed or shall close concurrently with the closing of the City Loan and the leasing of the Property (i.e., the delivery of Ground Lease and recording of Memorandum of Lease), and Developer shall have provided City with reasonable evidence of committed equity funds necessary for the Project.

3.8.8 Construction Contract, Plans. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final Construction Plans and specifications for the Project. Developer shall have delivered an executed copy of the construction contract for the Project to the City, which must be consistent with the Updated Project Budget approved by City.

3.8.9 Completion Guaranty. Developer shall have provided to City a completion guaranty in a form reasonably acceptable to City executed by Developer.

3.8.10 Settlement Statement. City shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final settlement statement for the Close of Escrow.

3.8.11 Insurance. Developer shall have provided to City the evidence of the insurance required of Developer under the Ground Lease.

3.8.12 Marketing and Management Plans. Developer shall have submitted initial drafts of the Residential Marketing Plan and the Property Management Plan.

3.8.13 Other Documents. Developer's delivery to City, and City approval (with such approval not to be unreasonably withheld, conditioned or delayed) of such other documents related to the development and financing of the Project as City may reasonably request.

3.8.14 Surplus Land Act. City's determination that the Property is "exempt surplus land" shall have been confirmed by the California Department of Housing and Community Development.

Section 3.9 Developer's Conditions to Closing. Developer's obligation to proceed with the leasing of the Property is subject to the satisfaction or Developer's waiver, which may be given or withheld in Developer's sole and absolute discretion, of the following conditions:

3.9.1 No Default. City shall not be in default under the terms of this Agreement, and all representations and warranties of City contained in this Agreement shall be true and correct;

3.9.2 Execution of Documents. City shall have executed and acknowledged the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and all other City Documents to which the City is a party, and shall have delivered such documents into escrow, and City shall have executed the Ground Lease and shall have delivered the Ground Lease to Developer; and

3.9.3 Owner's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an Owner's Title Insurance Policy for the benefit and protection of Developer ("**Owner's Title Policy**") showing a leasehold interest in the Property vested in Developer, subject only to the exceptions approved by Developer pursuant to Section 3.1 above and containing such endorsements as Developer may reasonably require, with the cost of such Owner's Title Policy to be paid by Developer.

3.9.4 Financing Plan. Developer shall have approved the Updated Financing Plan, including the sources of construction and permanent financing, and the construction and operating budgets for the Project, and all construction financing shall be ready to close as of the Close of Escrow.

3.9.5 Settlement Statement. Developer shall have approved (with such approval not to be unreasonably withheld, conditioned or delayed) the final settlement statement for the Close of Escrow.

3.9.6 Permits and Land Use Approvals. Developer shall have obtained all rezoning and other land use approvals and all permits (or permit ready letters) required to construct the Project (or with respect to permits, they are capable of being issued subject only to payment of fees that will be paid through escrow at the Close of Escrow).

Section 3.10 City Covenants Prior to Closing Date.

3.10.1 City to Maintain Insurance. City shall maintain its current property insurance in effect as of the Effective Date throughout and until the Closing Date.

3.10.2 No New Property Agreements. City shall not, without Developer's prior written consent, which consent may be given or withheld in Developer's sole and absolute discretion, enter into any Property Agreement or any other agreement affecting in any way the Property or any portion thereof.

ARTICLE IV

CITY LOAN

Section 4.1 City Loan. Upon satisfaction of the conditions precedent set forth in Sections 3.8 and 3.8, City agrees to provide the City Loan to Developer upon the terms and conditions, and for the purposes set forth in, this Agreement and the City Loan Note.

Section 4.2 Loan Terms.

4.2.1 Disbursements; Use of Proceeds. City shall disburse proceeds of the City Loan to Developer on a draw-down basis, to pay Project costs (both hard and soft costs). Developer shall submit requests for disbursement in writing, on a form reasonably acceptable to City, along with reasonable documentation evidencing the costs to be paid by such requested funds. City shall disburse requested funds to Developer within 15 days following City's receipt of a disbursement request submitted by Developer pursuant to this Section 4.2.

4.2.2 Determination of Interest Rate. The principal balance of the City Loan outstanding from time to time will bear interest at a rate to be determined by City based upon Project feasibility and ability to meet the "true debt" test, but which shall be not more than 3% simple annual interest, except during such periods that the default rate of interest specified in the City Loan Note applies. If Developer requests a reduction in interest rate to less than 3% simple annual interest, Developer shall be required to demonstrate to City's reasonable satisfaction that: (i) such lower interest rate is necessary to achieve Project feasibility or satisfy the "true debt" test; (ii) Developer has engaged in good faith negotiations with other public agency lenders and has obtained interest rate concessions from such lenders comparable in scope to the requested reduction in the interest rate for the City Loan Note; and (iii) no loan provided by any sponsor or general partner of Developer will bear interest at a rate higher than the rate requested for the City Loan Note.

4.2.3 Other Terms of City Loan. The other terms of the City Loan are set forth in the City Loan Note (and the Deed of Trust and Assignment).

Section 4.3 **Security; Subordination Agreements.** Repayment of the City Loan Note shall be secured by the Deed of Trust which shall be executed by Developer and recorded against Developer's leasehold interest in the Property at the Close of Escrow, and the Assignment which shall be executed by Developer and delivered directly to City as a condition to Closing. The City Manager may execute and deliver reasonable recordable subordination agreements (with respect to the City Deed of Trust) required by other secured lenders described in the City-approved final Financing Plan as a condition to their loans.

Section 4.4 **No Obligation to Close Escrow After Default.** Notwithstanding any other provision of this Agreement, City shall have no obligation to authorize the Close of Escrow or the disbursement of Loan Proceeds following: (i) the knowing or intentional failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement to be true and correct in all material respects; (ii) the termination of this Agreement; or (iii) the occurrence of a default under any City Document which remains uncured following written notice and beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute a default under any City Document.

ARTICLE V

DEVELOPMENT AND USE OF THE PROPERTY

Section 5.1 **Development Schedule; Development/Construction.** The terms of the Ground Lease shall govern the Developer's post-Closing construction of the Project. The schedule for construction of the Project is set forth as an exhibit to the Ground Lease.

Section 5.2 **Costs of Leasing and Construction.** With the exception of the City Loan, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the construction and development of the Project, the acquisition of its ground leasehold interest and space leasing of the Property (including appraisal fees, title reports and any environmental assessments), and compliance with the Conditions of Approval, including all off-site and on-site improvements required by City. All such costs shall be borne solely by Developer and shall not be an obligation of City.

Section 5.3 **Permits and Approvals; Payment of Fees.** Developer acknowledges that the execution of this Agreement by City does not constitute City approval for the purpose of the issuance of building permits, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and to obtain from City and all other agencies with jurisdiction over the Property, all necessary approvals, entitlements, and permits for the construction of the Project (including the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the development of the Property (if any), and the approval of the Project in compliance with CEQA if applicable, and if applicable, NEPA), nor does it limit in any manner the discretion of City in the

approval process. Prior to the Close of Escrow, Developer shall have obtained all entitlements, permits, licenses and approvals required for the construction of the Project, including any fire safety permits required by the fire department, building permits, and use permits or shall provide evidence satisfactory to City that receipt of such permits and approvals is subject only to such conditions as City may approve. Developer shall pay when due all customary and usual fees and charges in connection with the processing of all applicable permits and approvals, but in any event all such fees and charges must be paid as a condition to the Closing (though they may be paid through escrow upon the Closing). Developer shall not commence construction work on the Project prior to issuance of building permits required for such work.

Section 5.4 Construction Plans. Developer shall submit to City's Building Department a complete building permit application, including detailed construction plans for the Project ("**Construction Plans**"). As used herein "Construction Plans" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include the on-site development plan, the construction management plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, building plans and specifications, plans for all off-site improvements necessary to develop and operate the Project as required by the Conditions of Approval, including utilities, curbs, gutters, sidewalks, and driveways along the Project frontages, and all items the City requires to be submitted in connection with applications for building permits. The Construction Plans shall be based upon the scope of development and development standards set forth in the Ground Lease and upon the approvals issued by City for the Project, and shall not materially deviate therefrom without the express written consent of City, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 5.5 Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction work on the Property, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

Section 5.6 City Approval of Residential Marketing Plan. Developer shall submit to City Manager for review and approval an initial residential marketing plan ("**Residential Marketing Plan**"), in a form reasonably acceptable to City and consistent with the provisions of the Affordable Housing Agreement. The City Manager's approval shall not be unreasonably withheld, conditioned or delayed. If the City Manager disapproves the Residential Marketing Plan, the City Manager shall do so by written notice to Developer stating the reasons for such disapproval. Once approved, any material changes to the Residential Market Plan shall be submitted to the City Manager for approval, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 5.7 City Approval of Property Management Plan. Within the time established in the Schedule of Performance, Developer shall submit to the City Manager for review and approval an initial property management plan that provides for management of the Property, including maintenance, inspection, and repair of the Improvements and landscaping on the Property ("**Property Management Plan**"). The City Manager's approval shall not be

unreasonably withheld, conditioned, or delayed. If the City Manager disapproves the Property Management Plan, the City Manager shall do so by written notice to Developer stating the reasons for such disapproval. Once approved, any material changes to the Property Management Plan shall be submitted to the City Manager for approval, which approval shall not be unreasonably withheld, conditioned or delayed.

ARTICLE VI

CONDITION OF THE SITE; ENVIRONMENTAL MATTERS

Section 6.1 Access to Site; Inspections. Prior to the Close of Escrow, Developer Parties may enter upon and conduct reviews and assessments of the physical and environmental condition of the Property and the condition of the existing improvements, and perform an ALTA survey. Developer shall provide City with the names of such authorized representatives, and proof of liability insurance reasonably acceptable to City, naming City as additional insured, prior to any such entry. Developer's inspection, examination, survey and review of the Property shall be at its sole expense. Developer shall provide to City solely as an accommodation and without any representation or warranty regarding the information contained therein, copies of all reports and test results promptly following completion of such reports and testing; provided that City acknowledges and agrees that City shall be solely responsible to obtain any approvals necessary to rely on any of said reports and/or test results. Twenty-four hours in advance of its intention to enter the Property, Developer shall notify City and provide workplans, drawings, and descriptions of any intrusive sampling it intends to do. Developer shall keep the Property in a safe condition during its entry. Developer shall repair, and to the extent reasonably practicable, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense. Developer shall not permit any mechanics liens, stop notices, or other liens or encumbrances to be placed against the Property prior to Close of Escrow. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel reasonably acceptable to City) and hold the Indemnitees harmless from and against all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, judicial or administrative proceedings, penalties, deficiencies, fines, orders, and damages (all of the foregoing, collectively, "**Entry Claims**") resulting from or arising in connection with entry upon the Property pursuant to this Section 6.1 except to the extent arising from the gross negligence or willful misconduct of any of the Indemnitees. Developer's indemnification obligations set forth in this Section 6.1 shall not apply to Entry Claims relating to the diminution in value of the Property solely resulting from Developer's mere discovery of Hazardous Materials or other conditions of the Property that existed prior to Developer's entry onto the Property, provided that no such condition is exacerbated due to the activities of any Developer Parties. Developer's indemnification obligations set forth in this Section 6.1 shall survive the Close of Escrow and the termination of this Agreement and shall be subject to the provisions of Section 10.2.

Section 6.2 Condition of Property.

6.2.1 City's lease of the Property to Developer shall be made "AS IS," with no warranties or representations by City concerning the condition of the Property, including the

presence or absence of any Hazardous Materials, except for such express representations and warranties made by City in the Ground Lease and this Agreement, including in Section 2.2.

6.2.2 Developer agrees and acknowledges that: (i) neither City, nor anyone acting for or on behalf of City, has made, and Developer has not relied on, any representation, statement, warranty or promise to Developer concerning the development potential or condition of the Property, except for such express representations and warranties made by City in the Ground Lease and this Agreement, including in Section 2.2; (ii) Developer has or will have independently verified all matters concerning the Property and that Developer shall lease the Property on its own prior examination thereof; and (iv) IN ENTERING INTO THE GROUND LEASE DEVELOPER SHALL BE LEASING THE PROPERTY, IN AN “AS IS” PHYSICAL CONDITION AND IN AN “AS IS” STATE OF REPAIR.

Section 6.3 Definitions.

6.3.1 **“Hazardous Material”** means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, infectious waste”, toxic substance”, toxic pollutant”, or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term “hazardous material” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

6.3.2 **“Environmental Laws”** means any and all federal, state and local statutes, ordinances, orders, rules, regulations, governmental directives, or any other requirements of governmental authorities with jurisdiction over the Property or Project, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Material, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 et seq.), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 et seq.).

ARTICLE VII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

Section 7.1 Identity of Developer; Changes Only Pursuant to this Agreement.

Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to City. It is because of these qualifications, experience, financial capacity and expertise that City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein. In addition, notwithstanding anything in this Agreement to the contrary, the following transfers shall be permitted without the prior consent of City:

7.1.1 Any transfer to a lender pursuant to a deed of trust or other security instrument as collateral for: (i) bona fide construction financing to pay all or any part of the Project costs; or (ii) a bona fide permanent loan.

7.1.2 Any transfer directly resulting from the foreclosure or deed in lieu of foreclosure of a deed of trust or other security instrument for a loan from a lender to the Project (and the first transfer by such lender or its nominee following such foreclosure or deed in lieu of foreclosure so long as such transferee assumes the obligations of Developer hereunder in connection with such first Transfer).

7.1.3 Any transfer of stock or equity in the Party that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.

7.1.4 The lease of residential units in the Project consistent with the Affordable Housing Agreement.

Section 7.2 Effect of Transfer without City Consent.

7.2.1 With the exception of any transfers for which City consent is not required pursuant to Section 7.1, in the absence of specific written agreement by City, no transfer by Developer shall be deemed to relieve Developer or any other party from any obligation under this Agreement.

7.2.2 It shall be an Event of Developer Default hereunder entitling City to pursue remedies including termination of this Agreement if Developer violates this Article 7.

ARTICLE VIII

SECURITY FINANCING AND SUBORDINATION OF CITY DEED OF TRUST

Section 8.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Improvements and Developer's leasehold interest in the Property only for the purpose of securing loans for the purpose of financing the design and construction of the Improvements, and other expenditures reasonably necessary for the development of the Project pursuant to this Agreement. No such instruments shall be recorded against City's fee interest in the Property. Developer shall not enter into any conveyance for such financing that is not contemplated in the applicable Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager (with all of such approvals not to be unreasonably withheld, conditioned or delayed). As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction or land development.

Section 8.2 Subordination. City agrees that it will not withhold consent to reasonable requests for subordination of the Deed of Trust to deeds of trust provided for the benefit of lenders providing construction and/or permanent financing for the Project that are identified in the approved final Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections for City in the event of default, including the provisions set forth in this Section. The Deed of Trust may only be subordinated to deeds of trust recorded to secure repayment of financing provided by state or federally chartered financial institutions, public agencies, and nonprofit corporations or other entities that are unaffiliated with Developer or any of its partners or their affiliated entities. Any subordination agreement must provide the following: (i) City shall be provided with a copy of any notice of default concurrently with the lender's provision of such notice to Developer; (ii) City shall have the right to cure any default of Developer; (iii) City shall be provided a 30-day period to cure any monetary default and a 60 day or longer period to cure any non-monetary default; (iv) the subordination will be effective only during the original term of the senior loan and any extension of the term approved by City in writing (such approval not to be unreasonably withheld, conditioned or delayed); (v) absent City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), the senior loan documents will not be amended to increase the amount, extend the maturity date, increase the interest rate, or increase the payment amounts due under the senior loan documents; and (vi) the subordination shall not limit the effect of the Deed of Trust prior to a senior lender's declaration of default and commencement of its remedies, nor require City to obtain the senior lender's consent prior to the City's exercise of remedies under the City Loan Note (other than City's commencement of foreclosure proceedings, for which the senior lender's consent may be required) or the Ground Lease (but the Ground Lease shall have reasonable mortgageability provisions, including lender cure rights).

Section 8.3 Holder Not Obligated to Construct. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated to complete construction of the Project (except that if such holder succeeds to the lessee's interest under the Ground Lease, the failure to timely cure a default under the terms of the Ground Lease relating to construction of the Project shall entitle City, as landlord, to terminate the Ground Lease), or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to

devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Section 8.4 Modifications to Ground Lease. City shall not unreasonably withhold its consent to modifications of the Ground Lease form requested by Project lenders or investors provided such modifications do not materially adversely affect City's substantive rights or increase City's obligations under this Agreement or the form of Ground Lease attached hereto.

Section 8.5 Estoppel Certificates. Either Party shall, at any time, and from time to time, within 15 days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the actual knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case); (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments; and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

Section 9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer hereunder ("**Developer Event of Default**"):

9.1.1 A transfer occurs, either voluntarily or involuntarily, in violation of Article VII, and Developer fails to undo such transfer within 30 days after written notice thereof from City to Developer;

9.1.2 Developer breaches any obligation of Developer herein, and fails to cure such obligation within 30 days after written notice thereof from City to Developer; provided, however, that if such cure cannot reasonably be completed within 30 days, Developer shall not be in default if it commences to cure such obligation within such 30 day period and diligently prosecute such cure to completion;

9.1.3 Developer fails to timely close the transaction described in this Agreement for any reason other than: (i) a default by City; (ii) the failure of a condition in favor of Developer pursuant to Section 3.10 to have been satisfied, or waived by Developer; or (iii) the failure of a condition in favor of Developer pursuant to Section 3.9 to have been satisfied, or waived by City;

9.1.4 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to City in connection with this Agreement proves to have been knowingly or intentionally incorrect in any material respect;

9.1.5 If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer or any general partner thereof: (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an

involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

9.1.6 A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer, in each case if such decree, order, petition, or appointment is not removed or rescinded within 120 days;

9.1.7 Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within 90 days after such event (unless a lesser time period is permitted for cure pursuant to any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

9.1.8 Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated.

Section 9.2 City Default. An event of default on the part of City ("City Event of Default") shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of 30 days after written notice thereof from Developer to City.

Section 9.3 City's Right to Terminate Agreement. If a Developer Event of Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

Section 9.4 City's Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of a Developer Event of Default, City shall have all remedies available to it under this Agreement or under law or equity.

Section 9.5 Developer's Remedies Upon a City Event of Default. Upon the occurrence of a City Event of Default, Developer shall have all remedies available to it under this Agreement or under law or equity, including bringing an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions. Notwithstanding the preceding, each Party covenants not to sue for damages, or claim any damages, for any default.

Section 9.6 Remedies Cumulative. Except as otherwise expressly stated 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 shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party.

Section 9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

Section 9.8 Construction Plans. If this Agreement is terminated by mutual agreement of the Parties or by City as a result of a Developer Event of Default, pursuant to, and in accordance with the Assignment securing the Predevelopment Loan, Developer, at no cost to the City, shall deliver to City copies of all construction plans and studies in Developer's possession or in the possession of the Developer's consultants related to development of the Project on the Property, including without limitation, the Construction Plans.

ARTICLE X

INDEMNITY AND INSURANCE

Section 10.1 Indemnity. To the greatest extent allowed by law, Developer shall indemnify, defend (with counsel reasonably acceptable to City) and hold the Indemnitees harmless from and against any and all Claims (including without limitation, Claims arising from any injury, death, property damage, or loss of property) arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's performance or failure to perform under this Agreement, including without limitation, Claims arising in connection with any violation of Applicable Laws by Developer. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of any of the Indemnitees. Developer's obligations under this Section 10.1 shall survive the expiration or earlier termination of this Agreement and are subject to the provisions of Section 10.2.

Section 10.2 Terms Applicable to Indemnity Provisions. The terms set forth in this Section 10.2 shall apply to all provisions of this Agreement that pertain to Developer's obligations to indemnify City and the other Indemnitees, including Sections 6.1, 10.1, 10.2, and 11.1. In connection with each such provision, all of the following shall apply:

10.2.1 City does not and shall not waive any rights against Developer that it may have by reason of any indemnity and hold harmless provision set forth in this Agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2.2 Developer's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following: (i) any amendment or modification of any City Document; (ii) any extensions of time for performance required by any City Document; (iii) any provision in any

of the City Documents limiting City's recourse to property securing the City Loan, or limiting the personal liability of Developer, or any other party for payment of all or any part of the City Loan; (iv) the accuracy or inaccuracy of any representation and warranty made by Developer under this Agreement or by Developer or any other party under any City Document (but not including any representations and warranties made by City under this Agreement), (v) the release of Developer or any other person, by City or by operation of law, from performance of any obligation under any City Document; (vi) the release or substitution in whole or in part of any security for repayment of the City Loan; and (vii) City's failure to properly perfect any lien or security interest given as security for repayment of the City Loan.

10.2.3 The obligation of Developer to indemnify the Indemnitees shall survive any repayment or discharge of the indebtedness evidenced by the City Loan Note, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, any release of record of the lien of the Deed of Trust, and the expiration or earlier termination of this Agreement and the Ground Lease.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the close of escrow and the expiration or earlier termination of this Agreement.

Section 11.2 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) reputable overnight courier that provides a receipt with the date and time of delivery, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

If to City:	City of Brea
	1 Civic Center Circle
	Brea, CA 92821
	Attention: City Manager

If to Developer: Prior to completion of construction:

JHC-Acquisitions LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Chief Development Officer

Following completion of construction:

JHC-Acquisitions LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Asset Management

Section 11.3 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder.

Section 11.4 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 11.5 Binding on Successors. Subject to the restrictions on transfers set forth in Article VII, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

Section 11.6 Survival. All representations made by Developer hereunder shall survive until the earlier of the Close of Escrow or the termination of this Agreement. Developer's indemnity and defense obligations hereunder, and all other provisions that expressly so state, shall survive the expiration or termination of this Agreement.

Section 11.7 Interpretation; Statutory References. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it. All references in the City Documents to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Brea shall be deemed to include the same statute, regulation,

ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject. Unless otherwise indicated, references to "Section ___" shall refer to provisions of this Agreement. The terms "include," "includes" and "including" are non-exhaustive. The term "shall" is mandatory and the term "may" is permissive.

Section 11.8 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

Section 11.9 City Attorney Authority. Prior to execution by City, without further review and approval by the City Council, the City Attorney may make non-monetary revisions to the City Documents as necessary or appropriate to protect City's interests and facilitate the contemplated transactions. For purpose of this Section, "non-monetary" means a revision that does not have a financial impact on City.

Section 11.10 Entire Agreement. This Agreement (including the attached Exhibits), together with the other City Documents, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof. If the Exhibits to this Agreement are inconsistent with this Agreement, the more restrictive requirements shall control, as reasonably determined by the City Manager. In the event of a conflict between this Agreement and the other City Documents, the more restrictive requirements shall control, as reasonably determined by the City Manager.

Section 11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile or electronic mail and shall be deemed as binding as if an originally signed counterpart was delivered.

Section 11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

Section 11.13 No Third-Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

Section 11.14 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Developer and City is and shall remain solely that of a debtor and a creditor (or landlord and tenant, under the Ground Lease), and shall not be construed as a joint venture, equity venture, partnership or any other

relationship. City neither undertakes nor assumes any responsibility or duty to Developer (except as expressly provided in this Agreement) or to any third party with respect to the Project or the City financing described herein. Developer and its employees are not employees of City but rather are, and shall always be, considered independent contractors. Furthermore, Developer and its employees shall at no time hold themselves out as employees or agents of City. Developer shall not have any authority to act as an agent of City or to bind City to any obligation.

Section 11.15 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a “business day” means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of the State of California.

Section 11.16 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Orange County, California or in the Federal District Court for the Southern District of California.

Section 11.17 Political Activity. None of the funds, materials, property or services contributed by City to Developer under this Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

Section 11.18 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Developer in the event of any default or breach by the City or for any amount which may become due to the Developer or its successor or on any obligation under the terms of this Agreement.

Section 11.19 Conflict of Interest.

11.19.1 Except for approved eligible administrative or personnel costs, no person described in subsection 11.19.2 below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person’s tenure. Developer shall exercise due diligence to ensure that the prohibition in this Section is followed.

11.19.2 In accordance with Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.), no person who is a director, officer, employee or consultant of the City or a City board, commission or committee, or immediate family

member of any of the preceding, shall make or participate in a decision, made by any of such entities, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person.

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

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

DEVELOPER:

JHC-ACQUISITIONS LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit public benefit
corporation

By: _____
Michael Massie, Chief Development
Officer

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EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY
(Attached)

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EXHIBIT B

PRE-CLOSING SCHEDULE (INCLUDING CLOSING DEADLINE)

Opening Escrow	30 days after tax credits are awarded
Delivery of Draft Property Management Plan and Draft Residential Marketing & Leasing Plan	Prior to Closing
Execution and Delivery of Construction Contract, and delivery to City of all other Developer deliverables required as a condition to Closing	Prior to Closing
Evidence of Financing	Developer shall use its commercially reasonable efforts to obtain, by the earliest reasonable date, financing for the Project and shall apply for federal Tax Credits with the California Tax Credit Allocation Committee ("CTCAC") in successive rounds through and including, as necessary, each round prior to the Closing Deadline
Entitlements/Permits	Prior to Closing (fees may be paid through escrow at Closing)
Closing Deadline	Three (3) years following the Effective Date.

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EXHIBIT C
FORM OF CITY PROMISSORY NOTE

(Attached)

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SECURED PROMISSORY NOTE

(City Loan)

_____, 2024

\$4,457,483.00

Brea, California

FOR VALUE RECEIVED, _____, L.P., a California limited partnership (the “**Maker**”), having an address of 17701 Cowan Avenue, Suite 200, Irvine, CA 92614, promises to pay the CITY OF BREA, or order (“**Holder**”), the initial principal sum of FOUR MILLION FOUR HUNDRED FIFTY-SEVEN _____ THOUSAND FOUR HUNDRED EIGHTY-THREE DOLLARS AND NO/100 (\$4,457,483.00), which has already been disbursed to Maker, with simple interest at the rate of _____ Percent (%) per annum on all principal from and after the date it is disbursed. As of the date of this Note, the outstanding principal balance hereof is \$_____.00.

1. **DDLA; Construction Loan; Disbursements of Principal.**

a. This Note is made pursuant to Section 4.1 of that Disposition, Development and Loan Agreement dated as of _____, 2024 (the “**DDLA**”) between Holder and Maker. All capitalized terms not otherwise defined herein shall have the meaning set forth in the DDLA.

b. Disbursements of the principal of this Note shall be made in accordance with and subject to Section 4.2.1 of the DDLA.

c. Pursuant to the DDLA, Maker and Holder have entered into a ground lease (“**Ground Lease**”) under which Maker has acquired a ground leasehold interest in that certain real property defined in the DDLA as the “**Property**”, and will construct on the Property a multi-family residential project (the “**Project**”) consisting of thirty-nine (39) residential units (the “**Units**”), as described in the Ground Lease.

2. **Security for Note.**

The obligations of Maker under this Note to pay principal and interest are secured by a leasehold deed of trust, assignment of rents, security agreement and fixture filing (the “**Deed of Trust**”) from Maker to Holder encumbering Maker’s interest under the Ground Lease and, among other things, Maker’s interest in the improvements and fixtures now existing or hereafter constructed upon the Property. Payment of this Note is also secured by an Assignment of Architects/Engineers Agreements and Plans and Specifications, with Consents executed by Maker in favor of Holder (“**Assignment**”).

3. **Payments; Mandatory Prepayment; Maturity Date.**

a. Payment shall be made in lawful money of the United States to Holder at 1 Civic Center Circle, Brea, CA 92821, Attention: City Manager. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

b. Within 10 business days after Maker's limited partner pays its capital contribution following issuance of the IRS Form 8609 for the Project, Maker shall pay to Holder as a prepayment and reduction of the outstanding principal balance of this Note, a one-time payment in the amount of 50% of the Excess Proceeds; provided, however, that if other public agency construction lenders require payment of Excess Proceeds, then Excess Proceeds shall be payable to Holder and such other public agencies pro rata in proportion to their initial maximum loan amounts for the Project.

c. As used in the preceding paragraph, the term "Excess Proceeds" shall mean the sum of all sources of funding received by Maker to finance the operation of the Property or the construction of the Project, less the sum of actual uses of such funding for the Project, as shown by reasonable evidence delivered to Holder. For the purpose of calculating Excess Proceeds, Project sources of funding shall include any net rental income received prior to the date that the Project's conventional construction loan (excluding the City Loan) converts to a permanent loan, and any deferred developer fee, and shall take into consideration any reduction or increase in equity contributions by the limited partner.

d. Additionally, periodic payments of interest and principal shall be made to Holder from "Holder's Pro-Rata Share" of "Surplus Cash", defined in Section 4 below, except as otherwise provided in the last two paragraphs of Section 4 below with respect to "Excess Proceeds".

e. To the extent there is Surplus Cash available from the Project, Maker shall pay to Holder, on an annual basis, payments of Holder's Pro-Rata Share of all such Surplus Cash (as defined below). The first payment under this Note shall be due on the first August 1 after the earlier of (i) six months after the issuance of a certificate of occupancy for any portion of the Project or (ii) closing of permanent financing for the Project as determined in good faith by Holder. Each subsequent payment shall be due on August 1 of each calendar year thereafter.

f. Any unpaid principal amount owing from year to year shall continue to accrue interest. All payments made hereunder shall be credited first to any accrued but unpaid interest, then to current interest due and owing and lastly to principal. Interest not paid current shall accrue and shall not be compounded.

g. Notwithstanding the foregoing, the entire outstanding balance of principal and interest owing under this Note shall be due and payable on the date that is fifty-five (55) years from the date hereof.

4. **Definitions of Holder's Pro-Rata Share; Surplus Cash; and Excess Refinancing Proceeds.**

a. The term "Holder's Pro-Rata Share" shall mean _____ percent (___%).

[This percentage is fifty percent (50%), divided by (ii) a fraction, the numerator of which is the maximum principal amount of the loan evidenced by this Note, and the denominator of which is the sum of the maximum principal amounts of all loans to Maker by governmental entities that are secured by Maker's interest in the Project and which are construction loans

for the Project, and on which are to be made by payments from a percentage of “Surplus Cash” (calculated the same way as the percentage payable to Holder)].

b. The term “Surplus Cash” shall mean the sum of money computed on a 12 month basis based on the Maker’s fiscal year (which is January 1 to December 31) as follows:

All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any Excess Refinancing Proceeds (hereinafter defined) derived from any refinancing of the Project but excluding initial loan proceeds, insurance proceeds and partner capital contributions and also excluding all of the following: (i) all customary and reasonable costs and expenses in connection with the operation and maintenance of the Project; (ii) a property management fee in the amount of \$_____, adjusted annually by 3.5%, beginning on the first anniversary date of this Note; (iii) principal and interest paid by Maker on account of any loan(s) or other obligations approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed) (but not payments based on Surplus Cash, residual receipts, net cash flow or similar payments on loans); (iv) amounts (previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)) expended to restore the Project after a casualty loss or condemnation; (v) reasonable and customary cost for accounting and auditing the books and records of the Project; (vi) an administrative or asset management fee charged by a tax credit investment partner not to exceed \$_____ adjusted annually by 3%; (vii) any deferred developer fee (where such deferred developer fee was previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)); (viii) a management fee (“**Partnership Management Fee**”) not to exceed \$_____ (which amount may be adjusted annually by 3%, beginning on the first anniversary date of this Note and on each anniversary thereafter) ; such Partnership Management Fee is paid to the general partner for performing its general partnership duties, including but not limited to reviewing the monthly operating budget; overseeing the performance of the property manager; meetings, coordination and conflict resolution with the adjacent property owner; review and approval of the annual operating budget; prepare, review and approval of annual partnership reports; review and approval of tax returns; coordination with the investor limited partner; and resolution of miscellaneous issues normally associated with the ownership and operation of multi-family housing; (ix) salary and benefit costs for the social services staff personnel accounted for in the annual operating budget, to serve the residents and tenants of the Project, in an amount of \$_____, adjusted annually by 3%, beginning on the first anniversary date of this Note; (x) amounts (previously approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed), or as required by any senior lender or the investor limited partner)) reserved by Maker as an

operating contingency reserve account and a replacement reserve account (and deposited in an account approved by Holder (such approval not to be unreasonably withheld, conditioned or delayed)) and any other reserves required by the tax credit investment partner or other senior financing secured for the Project, or included in the annual operating budget approved by Holder; (xi) any adjuster payments to the investor limited partner required under Maker's partnership agreement; (xii) payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and/or operating deficit loans relating to the Project; (xiii) reasonable and customary professional fees for legal and similar customary administrative expenses; (xiv) taxes; and (xv) franchise tax filing fees.

c. The following shall not be deductions in the calculation of Surplus Cash, and will be payable from Maker's share of residual receipts: (i) any incentive management fee, (ii) any amount in excess of the permitted partnership management fee and asset management fee, (iii) contributions to reserve accounts in excess of the amounts specified above unless required by any senior lender or the investor limited partner, (iv) expenses paid with withdrawals from reserve accounts, (v) distributions to partners, and (vi) depreciation, amortization, depletion, and other non-cash expenses.

d. The term "Excess Refinancing Proceeds" used in the definition of Surplus Cash above shall mean refinancing proceeds less (a) the amount of the repayment of the refinanced debt, (b) all reasonable out-of-pocket costs and expenses paid by Maker to third parties in obtaining such refinancing, (c) all costs and expenses paid by Maker for all capital improvements to the completed Project completed by Maker in accordance with the terms of any senior loan documents or consented to in writing by Holder for which Maker's funds and not loan or grant funds are used (and for purposes of this clause (c), such costs may include, without limitation, reasonable architects' and engineers' fees and other reasonable "soft" costs relating to the making of such permitted capital improvements), (d) any amounts required to be paid to any senior lender in connection with such refinancing, and (e) the amount by which the Maker's increases its reserves for the Project as a condition imposed by the refinancing lender.

5. **Reporting; Annual Statements; Annual Budget; Audit Rights.**

a. Maker shall deliver annual income/expense statements showing all revenues and expenses of the Project, on a line item basis. An audited income statement shall be delivered by August 1 following each calendar year along with payment of the Surplus Cash. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of Surplus Cash. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have 30 days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Surplus Cash, an independent auditor mutually selected by Holder and Maker shall resolve any disputed items. If the independent auditor determines that Maker's statement underreported the amount of the Residual Receipts by more than 3%, the cost of the auditor shall be paid solely by Maker. If the independent auditor determines that Maker's statement did not underreport the amount of the Residual Receipts, the cost of the auditor shall be paid solely by Holder. Except in

the event that Maker or Holder are solely responsible for the costs of the auditor pursuant to one of the foregoing sentences, the cost of the auditor shall be shared equally by Maker and Holder.

b. Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project for the following calendar year by no later than December 1 of each year until this Note is paid in full. The proposed budget shall include a line item showing the projected Surplus Cash from the Project for the year. Holder will review the proposed budget and, if reasonably acceptable, approve it in writing, which approval shall not be unreasonably withheld, conditioned or delayed. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this paragraph is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Surplus Cash from the Project. Once approved, any changes to any budget line item relating to discretionary items which exceed ten percent (10%) Of the line item shall require Holder's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

6. **Holder Rights to Accelerate Maturity Date.**

Notwithstanding anything to the contrary provided herein, Holder may elect that the entire unpaid principal of this Note and accrued interest thereon shall be due and payable if: (i) an Event of Default (as defined in the Ground Lease) by Maker (as the tenant under the Ground Lease) occurs under the Ground Lease; or (ii) Maker or any successor-in-interest or assignee is in default under this Note, or the Deed of Trust securing this Note, or under the Affordable Housing Covenant, and such default is not cured within 30 days after written notice from Holder to Maker (provided that if Maker promptly commences the cure of a non-monetary default, then Maker shall not be in default so long as Maker diligently prosecutes it to completion).

7. **Limited Partner Cure Rights.**

Holder shall also deliver a copy of all default notices under this Note to Maker's limited partner _____ at _____. Any partner of Maker shall have the right to cure any default within the applicable cure periods set forth above, whether in its own capacity or on behalf of Maker, and Holder shall accept such cure as if tendered by Maker. However, failure by Holder to deliver such notice to Maker's limited partner shall not be a default by Holder.

8. **Maker Covenants to Comply with Affordable Housing Covenant and Ground Lease.**

Maker hereby covenants and agrees that it shall comply with the Ground Lease and the Affordable Housing Covenant, including the provisions of the ground lease relating to maintenance and repair of the Project, subject to any applicable notice of default and any applicable cure period thereunder.

9. **No Waiver by Holder; Remedies Cumulative.**

Holder's failure or delay in the exercise of any right or remedy hereunder or under any the Deed of Trust, Assignment, Ground Lease or Affordable Housing Agreement shall not waive or otherwise affect any right or remedy, and all remedies shall be cumulative to the extent permitted by law.

10. **Default Interest Rate.**

At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of: (i) the highest rate then allowed by law or (ii) 2% over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

11. **Maker Waivers.**

Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

12. **Holder Costs, Expenses.**

Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default (following Holder's written notice of such default and expiration of the applicable cure period) this Note be placed in the hands of an attorney or attorneys for collection, or (ii) if after a default hereunder or under the Deed of Trust, the Assignment, the Ground Lease, or the Affordable Housing Agreement (following Holder's written notice of such default and expiration of the applicable cure period), Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, Assignment, the Ground Lease or other loan document.

13. **Notices.**

Any notices provided for in this Note shall be given in accordance with the notices provision of the Ground Lease.

14. **Applicable Law.**

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

15. **Severability.**

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

16. **Nonrecourse.**

This Note is a nonrecourse obligation of Maker and Maker's partners, and the Holder must resort only to the Project or Maker's leasehold interest in the Property, or both, for repayment should Maker fail to repay the sums evidenced hereby. Neither Maker nor any of its general and limited partners shall have any personal liability for repayment of the City Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud or intentional material misrepresentation.

MAKER:

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EXHIBIT D
FORM OF DEED OF TRUST
(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF
RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

(CITY LOAN)

This LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING, together with the Addendum to Leasehold Deed of Trust attached hereto as Exhibit "B" and made a part hereof (the "**Leasehold Deed of Trust**"), is dated as of _____, and is executed and delivered by _____, L.P., a California limited partnership, whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614 ("**Trustor**"), to and in favor of the CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Trustee**") and for the benefit of CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Beneficiary**").

Trustor, as tenant, and Beneficiary, as landlord, have entered into a Ground Lease dated substantially concurrently herewith (including any future amendments, the "**Ground Lease**") evidenced by a Memorandum of Ground Lease recorded in the Official Records of Orange County, California, substantially concurrently herewith, under which Trustor has acquired a leasehold estate in real property on which Trustor is constructing a low income affordable housing development. The loan from Beneficiary to Trustor secured by this Deed of Trust is a construction and development loan (which in effect becomes a long term permanent loan upon completion of the improvements). Other lenders may obtain security interests (by virtue of leasehold deeds of trust) in the Trustor's interest under the Ground Lease, and this Deed of Trust may be subordinated to one or more of such other deeds of trust by virtue of recorded subordination agreements executed by Beneficiary and such other lender(s).

Trustor irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under the Ground Lease, the following property (collectively, the "**Property**"): (a) the land in Orange County, California described on Exhibit "A" attached hereto, together with all existing and future easements and rights affording access to it (the "**Land**"), (b) together with all buildings, structures and improvements now existing or hereafter constructed thereon (the "**Improvements**"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements,

together with all goods and other property, including such personal property that is, or at any time becomes, so related to or installed on or attached to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "**Fixture**," collectively "**Fixtures**"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. **Secured Obligations.** Trustor makes the grant, conveyance, transfer and assignment herein for the purpose of securing the following obligations (the "**Secured Obligations**"): (a) payment of the sum of \$4,457,483, which is evidenced by a promissory note (the "**Note**") of substantially even date herewith in such amount, executed by Trustor in favor of Beneficiary or order and any extension or other modifications thereof; (b) payment of such further sums as the then record owner of the Property may borrow from Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Leasehold Deed of Trust; and (c) performance by Trustor of the terms of this Leasehold Deed of Trust.

2. **Maintenance and Repair.** Trustor shall maintain and repair the Property in accordance with the terms of the Ground Lease.

3. **Insurance.** Trustor shall maintain the insurance required by Ground Lease.

4. **Defense of Security.** Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Leasehold Deed of Trust.

5. **Payment of Taxes and Liens.** Trustor shall pay all property taxes (including possessory interest taxes) and assessments affecting the Property in accordance with the Ground Lease. Trustor shall pay, when due, all encumbrances, charges and liens, with interest, on the Property, which are or appear to be prior or superior to this Leasehold Deed of Trust, and upon demand all costs, fees and expenses of this Leasehold Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Leasehold Deed of Trust, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Leasehold Deed of Trust: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Leasehold Deed of Trust; and (d) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. **Reimbursement of Costs.** Trustor shall pay upon demand all sums expended by Beneficiary or Trustee provided for in this Leasehold Deed of Trust or allowed by law, with interest from date of expenditure at the default interest rate provided in the Note.

7. **No Waiver.** By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. **Reconveyance.** That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Leasehold Deed of Trust and said note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as “the person or persons legally entitled thereto.”

9. **Assignment of Rents.** Trustor hereby absolutely and unconditionally assigns to Beneficiary all of the rents, issues, profits, royalties, revenues, income and other benefits (collectively, the “Rents”) derived from the Property, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary, either directly or through a receiver, the right, power and authority, but not the obligation, to collect the Rents, and to sue, either in the name of Trustor or Beneficiary, for all such Rents and to apply the same to the indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion. This assignment of Rents is intended to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor’s right, title and interest in the Rents; provided that notwithstanding the foregoing, so long as no default exists by Trustor in the payment of any indebtedness secured hereby, or in any other covenant contained herein, or in said note or notes or in any other document evidencing or securing such indebtedness, Trustor shall have the right to collect all Rents from the Property and to retain, use and enjoy the same. Upon the occurrence of such a default (following written notice by Beneficiary and expiration of any applicable cure period), without the necessity of demand or further notice to Trustor or any other act to enforce Beneficiary’s interest pursuant to this assignment, Trustor shall have no interest whatsoever in the Rents that are received by Trustor after a default, and all such Rents shall be received and held by Trustor in constructive trust for Beneficiary and delivered promptly to Beneficiary, or to a court appointed receiver for the Property, without the necessity for further notice to, or demand upon, Trustor. Upon the occurrence of such a default and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any tenant of the Property a notice to the effect that: (a) a default has occurred; (b) Beneficiary has elected to exercise its rights under this assignment; and (c) such tenant is thereby directed to thereafter make all payments of Rents to or for the benefit of Beneficiary or as Beneficiary shall direct. Any such tenant shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice, irrespective of whether a dispute exists between Trustor and Beneficiary with respect to the existence of a default or the rights of Beneficiary hereunder. Any such tenant shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this assignment. Trustor hereby agrees to indemnify, defend and hold any such tenant harmless from and against any and all losses, claims, damages or liabilities arising from or related to any payment of Rents by such tenant made in reliance on and pursuant to such notice.

10. **Default and Foreclosure.** Upon default by Trustor in payment or performance of any Secured Obligation, following written notice by Beneficiary and subject to any applicable cure period, Beneficiary may declare all sums secured immediately due and payable by delivery to

Trustee of a declaration of default and demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Leasehold Deed of Trust, said note or notes and all documents evidencing expenditures secured by this Leasehold Deed of Trust. Upon default of any obligation secured by this Leasehold Deed of Trust and acceleration of all sums due, Beneficiary may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Leasehold Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. **Substitution of Trustee.** Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Leasehold Deed of Trust is recorded and the name and address of the new Trustee.

12. **Successors and Assigns.** This Leasehold 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 mean the owner and holder, including pledgees, of the secured note or notes, whether or not named as Beneficiary herein.

13. **Trustee Acceptance.** Trustee accepts this trust when this Leasehold Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Leasehold Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

14. **Further Assurances.** Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time reasonably require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Leasehold Deed of Trust, or for filing, registering, or recording this Leasehold Deed of Trust. Trustor shall, on demand, execute and deliver, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Leasehold Deed of Trust, and thereafter from time to time, Trustor shall cause this Leasehold Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. **Condemnation and Insurance Proceeds.** Trustor shall comply with the Ground Lease with respect to condemnation and insurance proceeds.

16. **Severability.** If any one or more of the provisions contained in this Leasehold Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Leasehold Deed of Trust, but this Leasehold Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. **Estoppel Certificates.** Trustor shall, within 10 days of a written request from Beneficiary from time to time, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Leasehold Deed of Trust and any right of set off, counterclaim or other defense which exists against such sums and the obligations of this Leasehold Deed of Trust.

18. **California Uniform Commercial Code Security Agreement; Fixture Filing.** Trustor hereby grants Beneficiary a security interest in all personal property of Trustor located on the Property and wherever located and used in any way in connection with or in any way relating to the Property, and whether now owned or hereafter in existence, acquired or created (including equipment, inventory, goods, documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights), and all fixtures of Trustor now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions and proceeds (including insurance proceeds) of all of the foregoing (collectively, the "Personal Property"). Beneficiary may file this Leasehold Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Personal Property. Any reproduction of this Leasehold Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor shall execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Leasehold Deed of Trust in such form as Beneficiary may reasonably require to perfect a security interest with respect to the Personal Property. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. With the exception of security interests created to finance the development and/or operation of the Property, without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in the Personal Property. Upon Trustor's material breach of any covenant or agreement of Trustor contained in this Leasehold Deed of Trust that materially and adversely impacts Beneficiary, including the covenants to pay when due all sums secured by this Leasehold Deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke any remedies provided in this Leasehold Deed of Trust as to the Personal Property. In exercising any of such remedies, Beneficiary may proceed against the Property and any of the Personal Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies provided in the Leasehold Deed of Trust. This Leasehold Deed of Trust also covers goods which

are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

19. **Due On Sale or Encumbrance.** If all or any part of the Property, or any interest therein, or any interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operation of law, except as expressly permitted by the Ground Lease, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Leasehold Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Leasehold Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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Exhibit “A” to Deed of Trust

LEGAL DESCRIPTION

(Attached)

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Exhibit “B” to Deed of Trust

ADDENDUM TO LEASEHOLD DEED OF TRUST

(Attached)

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ADDENDUM TO LEASEHOLD DEED OF TRUST

This Addendum to the Leasehold Deed of Trust is part of the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Leasehold Deed of Trust**") dated as of _____, 2024, between _____, L.P., as Trustor, and the CITY OF BREA, as Beneficiary. The following provisions are made a part of the Leasehold Deed of Trust:

1. No Discrimination.

a. The Trustor covenants by and for itself, its 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Trustor himself or herself, 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.

b. Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

c. All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof, shall contain or be subject to the nondiscrimination clauses set forth in California Health and Safety Code Section 33436.

2. Hazardous Substances.

a. As used in this Section, the following terms shall have the following meanings:

i. **Environmental Laws**" means all federal, state and local statutes, ordinances, orders, rules, regulations, or governmental directives and any other requirements of governmental authorities with jurisdiction over the Property or Project now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("**CERCLA**"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.);

the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City of Mill Valley or any applicable federal, state and local agencies or bureaus, as amended from time to time.

ii. **“Foreclosure Transfer”** means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Leasehold Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Leasehold Deed of Trust, or by deed in lieu of such foreclosure.

iii. **“Hazardous Substances”** means:

(1) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a “hazardous substance,” “hazardous material,” “hazardous waste,” “extremely hazardous waste,” “acutely hazardous waste,” “radioactive waste,” “infectious waste,” “biohazardous waste,” “toxic substance,” “pollutant,” “toxic pollutant,” “contaminant” as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, “EP toxicity” or “TCLP toxicity”;

(2) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources;

(3) “hazardous substance” as defined in Section 2782.6(d) of the California Civil Code;

(4) “waste” as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form;

(5) urea formaldehyde foam insulation;

(6) polychlorinated biphenyls (PCBs);

(7) radon; and

(8) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant

present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

iv. **“Hazardous Substance Activity”** means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.

v. **“Losses”** means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims, actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel retained by Beneficiary; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work performed by any federal, state or local governmental agency or political subdivision or by any non-governmental entity or person that is required by applicable Environmental Laws or by a governmental agency with jurisdiction over the Property or Project because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of applicable Environmental Laws in the air, soil, surface water or groundwater at the Property; and (D) reasonable costs and expenses of enforcing this Section.

vi. **“Environmental Losses”** means Losses arising out of or occurring as a result of: (A) the occurrence of any Hazardous Substance Activity that first occurred on or after the date of this Leasehold Deed of Trust; (B) any violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof occurring on or after the date of this Leasehold Deed of Trust; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity occurring on or after the date of this Leasehold Deed of Trust; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C).

b. Trustor represents and warrants to Beneficiary that to the best of Trustor’s knowledge, no portion of the Property will be used by Trustor for the disposal, storage, treatment, processing or other handling of Hazardous Substances, and Trustor’s intended use of the Property will not result in the disposal or release by Trustor or Trustor’s agents or representatives of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing

and shall be true and correct for the period from the date hereof to the release of this Leasehold Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release. As used herein, the phrase “to the best of Trustor’s knowledge shall mean and refer to the actual knowledge of Michael Massie, the Executive Vice President and Chief Development Officer of Trustor, without duty of inquiry or investigation.

c. Trustor represents and warrants to Beneficiary that Trustor will comply with all requirements of any governmental agency with jurisdiction over the Property or Project .

d. On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances (“Environmental Requirements”).

e. If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property in violation of applicable laws, Trustor shall promptly take all actions, at its sole expense, as are required by applicable law to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary’s approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Property.

f. At any time after the occurrence and during the continuance of any default under this Section (subject to any applicable notice and cure provisions in Ground Lease), Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Leasehold Deed of Trust:

i. As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (1) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (2) take custody of all accounts; (3) negotiate with governmental authorities with respect to the Property’s environmental compliance and remedial measures; (4) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (5) make, terminate, enforce or modify leases of part or all of the Property; (6) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in

Beneficiary's reasonable judgment to protect or enhance the security hereof; and/or (7) take any and all other actions it reasonably deems to be necessary or appropriate to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver reasonably deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine in its reasonable discretion. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

ii. With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (1) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (2) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.

iii. Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "Environmental Costs") relating to the cleanup, remediation or other response action required by applicable law. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the

amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

iv. As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.

v. Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in any promissory note or other loan documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 6(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the loan documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Leasehold Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, conveyance, or any other transfer of the Property or this Leasehold Deed of Trust.

g. Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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EXHIBIT E
FORM OF ASSIGNMENT

(Attached)

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ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS

(CITY LOAN)

**[NOTE: IF CITY LOAN IS DISBURSED FIRST, PROCEEDS
WILL BE APPLIED TO COSTS OF PLANS OR TO
REIMBURSE DEVELOPER FOR COSTS OF PLANS]**

THIS ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS (this "Assignment") is made as of _____, 202__, and is executed by _____ ("Assignor"), in favor of the CITY OF BREA ("Assignee"), pursuant to that certain Disposition, Development and Loan Agreement dated _____, 2024 by and between Assignor and Assignee (the "DDLA").

RECITALS

A. As contemplated by the DDLA, Assignee made a construction and permanent loan in the amount of \$4,457,483 to Assignor for construction costs relating to a low income housing project on property at 323 North Brea Boulevard in Brea, California ("Project"). The loan is evidenced by a secured promissory note (including any modifications thereof, the "City Loan Note").

B. Pursuant to the DDLA, _____, L.P., as tenant, and Assignee, as landlord, entered into a Ground Lease which provides, among other things, that upon termination of the Ground Lease after an Event of Default thereunder by the tenant, subject to the rights of and any prior assignment to senior lenders, Assignee shall be entitled to enforce the architects and engineers agreement relating to the Project, and shall be entitled to ownership and use of plans and specifications for the project, without any representation or warranty regarding said plans and specifications.

C. Additionally, the DDLA also requires Assignor to assign to Assignee, as security for the City Loan, subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, all of Assignor's right, title and interest in and to all architects and engineers ("Engineers/Architects") contracts, plans and specifications for the Project, which include: (i) that certain _____ dated _____, executed by _____ and _____ [which has been assigned by _____ to _____, L.P.][?]; (ii) that certain dated _____, executed by _____ and _____ [which have been assigned by _____ to _____, L.P.][?]; and (iii) all plans and specifications created under or pursuant to such contracts[, which have been assigned by _____ to _____, L.P.][?] (collectively, the "Contracts").

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt whereof is hereby acknowledged, subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, Assignor hereby assigns, transfers and conveys to Assignee, effective upon the occurrence of a default under the Note which has not been timely cured following written notice of such default to Assignor and expiration of any applicable cure period, all of Assignor's right, title and interest in and to the Contracts for the purposes of

securing payment of the principal and interest evidenced by the Note, proceeds of which have been used by Assignor to pay costs payable by Assignor under the Contracts, and for purposes of enforcement, ownership and use upon a termination of the Ground Lease prior to completion of the Project, based on an Event of Default thereunder by the ground tenant.

Subject to the rights of and any prior assignments to senior lenders and without any representation or warranty, Assignor's assignment includes the ability to receive, demand and enforce any and all of Assignor's rights, and receive, demand and enforce the obligations of the Engineers/Architects under the Contracts, and use all plans and specifications (or assign the same to a subsequent developer), and to perform any and all acts in the name of Assignor or at the option of Assignee, in the name of Assignee.

Assignor hereby represents and warrants to Assignee that: Assignor is not in default under the Contracts as of the date hereof.

Other than the assignments to other Project lenders, Assignor agrees not to assign, sell, pledge or otherwise transfer or encumber in any manner Assignor's interest in and to or rights under the Contracts, or to amend the Contracts, without the prior written consent of Assignee (such consent not to be unreasonably withheld, conditioned or delayed) so long as this Assignment remains in effect.

Upon the completion of the Project in accordance with the Ground Lease, and repayment of all principal and interest under the City Loan, this Assignment shall terminate.

If any one or more of the provisions contained in this Assignment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Assignment, but this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Assignment shall be governed by and construed according to the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first above written.

ASSIGNEE:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

ASSIGNOR:

a _____

By: _____
Print Name: _____
Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that subject to the rights of senior lenders to the Project, upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202_

a _____

By: _____

Print Name: _____

Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that subject to the rights of senior lenders to the Project, upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202_

a _____

By: _____

Print Name: _____

Title: _____

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EXHIBIT F
FORM OF AFFORDABLE HOUSING
AGREEMENT
AND
FORM OF NOTICE

(Attached)

[Page Intentionally Blank]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AFFORDABLE HOUSING AGREEMENT

This AFFORDABLE HOUSING AGREEMENT (“Agreement”) is executed by JHC-ACQUISITIONS LLC, a California limited partnership (“**Developer**”), and the **CITY OF BREA** (“**City**”), a California municipal corporation, and is dated _____, 2024 for reference purposes. For purposes of the grantor-grantee index, Developer is the grantor and City is the grantee.

RECITALS

A. Developer has a leasehold interest in the real property legally described on Exhibit A (“**Site**”) by virtue of a _____, 2024 Ground Lease (“**Lease**”) executed by City, as landlord, and Developer, as tenant. The Lease requires Developer to construct a 39-unit multifamily residential rental development (“**Project**”) on the Site, and City is providing a loan to Developer to facilitate such construction.

B. To receive financial assistance from City for the Project, Developer intends to restrict ___ of the residential units in the Project to extremely low income households at an affordable rent, and will reserve one residential unit in the Project as an unrestricted onsite manager’s unit.

C. This Agreement is the affordable housing agreement required by Brea City Code Section 20.40.090(B) and the regulatory agreement required by Government Code Section 37364(d).

NOW, THEREFORE, City and Developer agree as follows:

1. DEFINITIONS

In addition to the terms defined above, the following definitions shall apply for purposes of this Agreement:

A. “Affordability Period” means the 55-year period commencing on the date of the Certificate of Occupancy.

B. “Affordable Rent” means rent, including a reasonable utility allowance that does not exceed the product of 30% times 30% of the Area Median Income adjusted for family size appropriate to the unit.

C. “Affordable Units” means _____ of the _____ residential units in the Project.

D. “Area Median Income” means the median income for households in Orange County, California as annually established by HUD pursuant to Section 8 of the United States Housing Act of 1937 and as defined in 25 C.C.R. Section 6932. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, City shall provide Developer with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

E. “Adjusted for family size appropriate to the unit” means for a household of two persons in the case of a one-bedroom unit, and means for a household of three persons in the case of a two-bedroom unit.

F. “Certificate of Occupancy” means the certificate of occupancy issued by City for the Project (the final certificate of occupancy if a temporary certificate of occupancy is, or if multiple certificates of occupancy are, issued).

G. “Eligible Household” means a person or family whose income does not exceed 30% of the Area Median Income adjusted for family size.

H. “HUD” means the United States Department of Housing and Urban Development.

2. RENTER ELIGIBILITY

A. During the Affordability Period, Developer shall rent the Affordable Units to Eligible Households at an Affordable Rent.

B. Income of all persons residing in an Affordable Unit shall be considered for purposes of calculating the applicable income.

C. Developer shall not allow any Affordable Unit to be subleased and shall include in each lease or rental agreement with an Affordable Unit tenant a prohibition against subletting.

3. UNIT MONITORING

A. Prior to each rental of an Affordable Unit, Developer shall require that each prospective tenant execute an income certification form that is either supplied by City or utilized by Developer and reasonably acceptable to City. Developer shall then verify that each prospective tenant’s income certification form is truthful by obtaining any of the following:

- i. Paycheck stubs from the prospective tenant’s two most recent pay periods.
- ii. A true copy of an income tax return from the prospective tenant for the most recent tax year in which a return was filed.

iii. An income verification certification from the prospective tenant's employer.

iv. An income verification certification from the Social Security Administration or the California Department of Social Services.

v. An alternate form of income verification reasonably available.

B. On an annual basis, Developer shall require each Affordable Unit tenant to execute an income recertification form that is either supplied by City or utilized by Developer and reasonably acceptable to City, and shall verify that such form is truthful in accordance with Paragraph A above. If upon income recertification it is determined that an Affordable Unit tenant has a gross income exceeding 140% of the qualifying limit, then subject to applicable law (including California Tax Credit Allocation Committee regulations and policies), such tenant shall be permitted to continue occupying the unit for 12 months or until lease expiration, whichever is longer, unless the tenant again becomes an Eligible Household upon recertification prior to the expiration of its lease.

4. TENANCY REPORTS

A. Developer shall submit to City annual tenancy reports, and annual income certifications or re-certifications, in form and content approved by City (such approval not to be unreasonably withheld, conditioned or delayed) from time to time. In addition to any other information specified by City, such reports shall include:

i. The number of persons per unit.

ii. Tenant name.

iii. Initial occupancy date.

iv. Rent paid per month.

v. Gross income per year.

vi. Copies of documents used to certify or recertify the tenant as an Eligible Household.

B. The first annual report and annual income certification, with copies of all of the signed leases (including any addenda and amendments), shall be submitted to City within 30 days after the date of the initial rental of all of the Affordable Units or as otherwise agreed to in writing by City. Subsequent annual reports and annual income certifications or re-certifications shall be submitted to City on the anniversary date of the first submittal.

C. Developer shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements of this Agreement. Developer, at such time and in such forms as are reasonably acceptable to City, shall furnish to City statements, records, reports, data and information pertaining to matters covered by this Agreement. Upon

request for examination by City, Developer, at any time during normal business hours following not less than two business days' written notice, shall make available all of its records with respect to all matters covered by this Agreement. Developer shall permit City and its representatives to audit, examine and make excerpts or transcripts from these records.

5. OCCUPANCY LIMIT

Except as otherwise required by law, no less than one person per bedroom shall be allowed; no more than three persons shall be permitted to occupy a one bedroom Affordable Unit.

6. MANAGEMENT PLAN

Prior to Certificate of Occupancy issuance, Developer shall obtain City approval of a management plan for the Affordable Units. The management plan shall include: the proposed management company's name and qualifications; the proposed policies and procedures for management, tenant selection, and occupancy of the Affordable Units; and the proposed lease or rental agreement to be used for the Affordable Units. The management plan, and any amendments thereto, shall be subject to the City Manager's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. The management of the Affordable Units shall be compliance with the City-approved management plan. City hereby approves Quality Management Group, Inc. as the initial property manager.

7. LOSS OF SUBSIDY

A. It is anticipated that the Property will be supported by Project-Based Section 8 rental subsidy payments (the "**Rental Subsidy**"). If, during the Affordability Term, there is a reduction, termination, or nonrenewal of the Rental Subsidy through no fault of Developer, such that the Rental Subsidy as it exists as of the date of this Agreement is no longer available (or available in a lesser amount), Developer may request City, in its sole discretion, to approve: (i) allowing households with adjusted incomes that do not exceed 60% of then current AMI adjusted for household size, as published by the California Tax Credit Allocation Committee annually ("**60% AMI Households**"), to occupy the Affordable Units, and (ii) increasing the rent on one or more of the Affordable Units, to rents that are affordable to 60% AMI Households, as outlined herein.

B. The income limit and rent increases described in paragraph (A) above are subject to the following requirements. Concurrently with the request, Developer shall provide City with: (a) evidence of the anticipated reduction, termination, or nonrenewal of the Rental Subsidy; (b) a management plan for the Project for City's approval (such approval not to be unreasonably withheld, conditioned or delayed), showing the impact of the loss or reduction of the Rental Subsidy; (c) a proposed operating budget reflecting the rent increases ("**Operating Budget**"); and (d) a description of Developer's efforts to obtain alternate sources of rental subsidies, and, if the foregoing requirements are completed to City's reasonable satisfaction, subject to the limitations set forth in the immediately succeeding sentence, City shall approve Developer's request to increase the income limits and rent restrictions applicable to the Affordable Units. The number of Affordable Units subject to the rent increase and the amount of the proposed increase may not be greater than: (i) the number or amount required to ensure that the Project generates sufficient

income to cover its operating costs, required deposits to replacement reserves, and debt service payments on approved financing as shown on the Operating Budget (together, the “**Minimum Liabilities**”); and (ii) such amount as is necessary for the Project to maintain a debt service coverage ratio of at least 1.15 (“**Debt Service Coverage Ratio**”). As used herein, “Debt Service Coverage Ratio” means, for any period, the ratio of (a) net operating income for such period to (b) all principal and interest payments due and payable during such period, regardless of whether the Project is generating sufficient cash flow. In addition, upon a reduction, termination, or nonrenewal of the Rental Subsidy as described above:

i. Developer shall use good faith commercially reasonable efforts to obtain alternative sources of rental subsidies and shall provide City with quarterly progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents to be reduced. Upon receipt of any alternative rental subsidies, Developer shall reduce the rents as much as possible with the goal of reverting the rents to their original levels as set forth herein to the extent that the alternative rental subsidies provide sufficient income to cover the Minimum Liabilities of the Project as shown on the Operating Budget and to maintain a Debt Service Coverage Ratio of 1:15 to 1.00;

ii. Developer shall provide tenants in the Affordable Units with at least 60 days’ written notice of any rent increase and shall notify each tenant that if they have received a tenant-based voucher from the Orange County Housing Authority or any other governmental entity they may use such voucher to pay the rent for their Affordable Unit;

iii. All rent increases are subject to City approval pursuant to the terms herein. No later than 60 days prior to the proposed implementation of any rent increase, Developer shall submit to the City a schedule of any proposed increase in the rent. City shall approve a rent increase if it complies with the restrictions set forth herein.

iv. Developer shall give tenants of all Affordable Units written notice at least 60 days prior to any rent increase.

With respect to any Affordable Units for which City has authorized Developer to increase rents pursuant to this Section, all special and/or target population preferences and requirements shall automatically terminate.

8. PROPERTY MAINTENANCE

Developer shall maintain the Property in the same aesthetic and sound condition as existing at the date of the Certificate of Occupancy, reasonable wear and tear excepted. Representative items of maintenance shall include: graffiti abatement; repainting, repair, or replacement of damaged or deteriorated surfaces, fencing, walls, equipment, etc.; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property; sweeping or washing down of on-site walks and paved areas; trimming, fertilization, and replacement of landscaping; cleaning windows; maintaining the roof in a leak-free and weather-tight condition; and maintaining any security devices in good working order.

9. NONDISCRIMINATION / NONSEGREGATION

A. Developer covenants 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 Government Code Section 12955 in connection with the rental, sale, lease, sublease, transfer, use, or occupancy of the Project. Neither Developer nor any person claiming under or through Developer shall 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, or sublessees of the Project.

B. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses (but no such lease shall permit subletting):

1. (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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, 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 Agreements shall run with the land.

(b) Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

2. (a) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

(b) Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as

defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

10. ASSIGNMENT

A. The identity and qualifications of Developer as an experienced and successful Developer and operator of affordable rental housing developments are of particular concern to the City; it is because of this identity and these qualifications that City has entered into this Agreement with Developer. Except with respect to transfers permitted under the Lease, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise. Except as permitted under the Lease, Developer shall not make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Lease or the Project without City’s prior written approval.

B. City approval shall not be required for the lease or rental of Affordable Units to Eligible Households in accordance with this Agreement.

11. BINDING EFFECT

A. The obligations established in this Agreement attach to and run with the Property, and shall be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of City and City’s successors and assigns.

B. This Agreement shall be recorded prior to any deeds of trust or other liens on the Developer’s leasehold interest (except for the liens for property taxes and assessments), and this Agreement shall not be subordinated to any such deeds of trust or other liens.

C. No violation or breach of this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer shall be bound by this Agreement whether such successor’s title was acquired by foreclosure, deed in lieu of foreclosure, trustee’s sale or otherwise.

12. NOTICES

Notices under this Agreement shall be given in writing and shall be given in accordance with the terms of the notices provision in the Lease.

13. REMEDIES

Upon a default by Developer, City shall have all rights and remedies at law or in equity, and all rights and remedies in Brea City Code Section 20.40.100, and such remedies shall be cumulative to the extent permitted by law. Subject to the rights of senior lenders to the Project, City shall have the right to obtain from Developer any overcharged rent if Developer is unable to locate the overcharged tenant for purposes of reimbursing such tenant the overcharged amount.

14. TIME OF THE ESSENCE

Time is of the essence of each provision of this Agreement in which time is a factor.

15. EXPIRATION

This Agreement shall remain in effect until expiration of the Affordability Period.

16. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

17. INCORPORATION OF MANDATORY LANGUAGE

Each and every provision required by law to be inserted in this Agreement shall be deemed to be inserted and this Agreement shall be read and enforced as though such provision were included. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon request of either party this Agreement shall promptly be amended to make such insertion or correction.

18. AMENDMENTS

This Agreement may not be amended, nor any provision or breach waived, except in a writing that is signed by the parties and that expressly refers to this Agreement.

IN WITNESS WHEREOF, City and Developer have caused this Agreement to be signed, acknowledged and attest on their behalf by their duly authorized representatives.

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

DEVELOPER:

JAMBOREE HOUSING CORPORATION,
a nonprofit corporation

By: _____

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A
TO AFFORDABLE HOUSING AGREEMENT**

Legal Description

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice. Restrictions have been recorded with respect to the property described below which restrict the price and terms at which the property may be sold or rented. These restrictions may limit the sales price or rents of the property to an amount which is less than fair market value. These restrictions limit the income of persons and households who are permitted to purchase and rent the property.

This NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (the “**Notice**”), is executed by _____ (“**Developer**”), whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614 and by the City of (the “**City**”) in connection with that certain Regulatory Agreement (Housing Set Aside Funds) dated _____, 202__ between Developer and the City, as successor to the housing assets of the former Brea Redevelopment Agency (the “**Regulatory Agreement**”) between Developer and the Agency.

RECITALS

1. Developer owns the land described on Exhibit “A” with an address of 323 N. Brea Boulevard, in the City of Brea, State of California bearing Assessor’s Parcel Number 296-301-02 (the “**Land**”).
2. Developer and Agency are entering into and recording the Regulatory Agreement substantially concurrently herewith.
3. Capitalized terms used herein but not defined shall have the meaning set forth as described in the Regulatory Agreement.

TERMS OF NOTICE

1. Requirement for Recorded Notice. This Notice is being executed and recorded pursuant to California Health and Safety Code Section 33334.3(f)(3)(B).

2. Regulatory Agreement. This Notice is being recorded substantially concurrently with the recordation of the Regulatory Agreement, which is incorporated herein by reference.

3. Recitation of Affordability Restrictions. The Regulatory Agreement restricts the occupancy of _____ multifamily dwelling units on the Land to occupancy by _____ Income Households at an Affordable Rent (as defined in the Regulatory Agreement) for a term commencing on the completion of the rental project (as evidenced by a final Certificate of Occupancy) and ending on _____, 20__. [55 YEARS]

IN WITNESS WHEREOF, this Notice has been executed and made effective on the day and year first above written.

By: _____
Print Name: _____
Title: _____

CITY OF BREA

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

EXHIBIT G
FORM OF GROUND LEASE
(Attached)

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GROUND LEASE
by and between
CITY OF BREA
and
JHC-ACQUISITIONS LLC,

THIS GROUND LEASE (“**Lease**” or “**Agreement**”) is dated _____, 202__ (“**Effective Date**”) for reference purposes and is executed by the City of Brea, a California municipal corporation (“**Landlord**”) and JHC-Acquisitions LLC, a California limited liability company (“**Tenant**”). Landlord and Tenant are hereafter collectively referred to as the “**Parties**.”

RECITALS

- A. Landlord is the owner of the land described on Exhibit A (“**Property**”).
- B. Landlord and Tenant entered into that certain Disposition, Development and Loan Agreement dated _____, 2024 (“**DDLA**”) which provides for the ground lease of the Property by Landlord to Tenant for the development of the project described in Recital C, below. Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.
- C. Tenant has agreed to construct a 39-unit multifamily rental housing development on the Property (consisting of 38 apartments that will be affordable to extremely low-income households and one manager’s unit) and other amenities (collectively, “**Project**”).
- D. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord the Property, upon and subject to the terms and conditions hereinafter set forth.
- E. The DDLA contemplates that this Lease shall be executed and delivered, and a Memorandum of Lease, a deed of trust in favor of Landlord, and an Affordable Housing Agreement, executed, acknowledged and recorded, at the Closing under the DDLA.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows.

ARTICLE 1. DEFINITIONS

1.1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

1.2. “Applicable Laws” is defined in Section 6.3.

1.3. “City” means the City of Brea, a municipal corporation, in its regulatory capacity as opposed to its proprietary interest in the Property as Landlord hereunder.

1.4. “City Council” means the City Council of the City of Brea.

1.5. “Claims” is defined in Article 10..

1.6. “Conditions of Approval” is defined in Section 6.12.

1.7. “Construction Plans” is defined in Section 6.14.

1.8. “CPI” means the Consumer Price Index—Urban Consumers (Los Angeles-Riverside-Orange County, CA, area; Base 1982-84 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics or any successor index or agency reasonably acceptable to the parties.

1.9. “Environmental Laws” is defined in Section 7.6.4(ii).

1.10. “Hazardous Material” is defined in Section 7.6.4(i).

1.11. “Improvements” means all buildings, structures, fixtures, fences, walls, paving, parking improvements, driveways, walkways, plazas, landscaping, permanently affixed utility systems and equipment, and other improvements located on the Property, including, without limitation, the Project and all replacements of the foregoing.

1.12. “Indemnitees” is defined in Article 10.

1.13. “Lease Conclusion” is defined in Section 8.2.1.

1.14. “Leasehold Mortgage” means a deed of trust on the leasehold estate created by this Lease and held by a Leasehold Mortgagee.

1.15. “Leasehold Mortgagee” means the mortgagee or beneficiary of any Leasehold Mortgage and in the event of a transfer of such Leasehold Mortgage, the successor Leasehold Mortgagee, upon delivery of written notice of the transfer to Landlord.

1.16. “Official Records” means the Official Records of Orange County, California.

1.17. “Prevailing Wage Laws” is defined in Section 6.3.

1.18. “Project” means the residential rental project and related improvements as described in Recital C as they may be modified pursuant to the terms of this Lease, subject to compliance with applicable law.

1.19. “Property” is defined in Recital A

1.20. “Term” is defined in Section 3.1.

1.21. “Transfer” is defined in Section 16.1.

ARTICLE 2. DEMISE OF PREMISES

2.1. Demise. Upon the Effective Date (which is the date of this Lease, and the date of the Closing under the DDLA), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Property for the Term and on the terms and conditions set forth in this Lease.

2.2. Condition of Title. Landlord leases the Property to Tenant subject to all easements, covenants, conditions, restrictions and other title matters of record existing as of the Effective Date, and all matters that would be apparent from an inspection of the Property on the Effective Date.

2.3. Condition of Property. Tenant specifically acknowledges that except for the representations and warranties made by Landlord pursuant to the DDLA, including, without limitation, in Section 2.2 of the DDLA, Landlord is leasing the Property to Tenant on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and that Tenant is not relying on any representations or warranties of any kind whatsoever, express or implied, from Landlord, its employees, board members, or agents as to any matters concerning the Property. Except for the representations and warranties made by Landlord pursuant to the DDLA, Landlord makes no representations or warranties as to any matters concerning the Property including: (i) matters relating to soils, subsoils, geology, the presence or absence of fill, groundwater, drainage, and flood zone designation; (ii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property; (iii) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose; (iv) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property; (v) the compliance of the Property with Environmental Laws, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (vi) the presence or removal of Hazardous Material, substances or wastes on, under or about the Property or the adjoining or neighboring property; and (vii) the condition of title to the Property.

2.4. Tenant to Rely on Own Experts. Tenant acknowledges that notwithstanding the delivery by Landlord to Tenant of any materials, including, without limitation, third party reports, Tenant will rely entirely on Tenant's own experts and consultants and its own independent investigation and judgment as to all matters relating to the Property.

2.5. Environmental Disclosure. To the extent the Landlord has copies of reports regarding the environmental condition of the Property, it has provided copies to Tenant of those reports known to exist; but the Parties acknowledge that Landlord will not be conducting a public records search of any regulatory agency files—although the Landlord urges Tenant to do so to satisfy itself regarding the environmental condition of the Property. By execution of this Agreement, Tenant: (i) acknowledges its receipt of the foregoing notice respecting the environmental condition of the Property; (ii) acknowledges that it has had an opportunity to conduct its own independent review and investigation of the Property; (iii) except for the representations and warranties made by Landlord pursuant to the DDLA, agrees to rely solely on its own experts in assessing the environmental condition of the Property and its sufficiency for its intended use; and (iv) waives any and all rights Tenant may have to assert that the Landlord failed to disclose information about the environmental condition of the Property.

2.6. Release by Tenant. Effective upon the Effective Date, Tenant WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES the Indemnitees and any person acting on behalf of the Landlord, from any and all Claims, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant now has or which may arise in the future on account of or in any way arising out of or in connection with the physical condition of the Property, the presence of

Hazardous Material in, on, under or about the Property other than any Claims related to Hazardous Material that was present in, on, under or about the Property prior to the Effective Date, or any law or regulation applicable thereto including, without limiting the generality of the foregoing, all Environmental Laws. The provisions of this Section 2.6 shall survive the expiration or termination of this Agreement.

TENANT ACKNOWLEDGES THAT TENANT IS FAMILIAR WITH CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH 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.

BY INITIALING BELOW, TENANT EXPRESSLY WAIVES THE BENEFITS OF CIVIL CODE SECTION 1542 WITH RESPECT TO THE FOREGOING RELEASE:

Tenant's initials: _____

ARTICLE 3. TERM OF LEASE

3.1. Term. The term of this Lease ("**Term**") shall commence on the date hereof (i.e., the Effective Date), and it is intended that the Memorandum of Lease be recorded on such date ("**Commencement Date**"). Unless sooner terminated under the provisions hereof, the Term of this Lease shall expire 99 years after the completion of the Project (as evidenced by a final Certificate of Occupancy) ("**Expiration Date**"). The expiration or sooner termination of the Term shall be referred to as "**Lease Conclusion**."

3.2. Lease Year. For purposes of this Lease, "Lease Year" shall mean each calendar year, or partial calendar year during the Term. If the Commencement Date does not occur on January 1, then any amounts required to be paid under this Lease on a Lease Year basis shall be prorated on a per diem basis for the partial Lease Years that commence with the Commencement Date and end on the Expiration Date.

ARTICLE 4. RENT

4.1. Rent. Tenant has prepaid rent (in the amount of \$99) to Landlord through the escrow under the DDLA at the Closing under the DDLA.

4.2. Additional Rent. Tenant also agrees to pay as rent all sums, Impositions (as defined in Section 5.1 below), costs, expenses, and other payments which Tenant in any of the provisions of this Lease assumes or agrees to pay (collectively, “**Additional Rent**”). If Tenant fails to pay timely any Additional Rent following written notice of such failure and expiration of any applicable cure period, Landlord shall have (in addition to all other rights and remedies) all the rights and remedies provided for herein or by law in the case of non-payment of rent, subject to the terms and conditions of this Lease.

4.3. Payment of Rent. The Base Rent and Additional Rent shall be collectively referred to as “**Rent**” under this Lease. All Rent shall be paid to Landlord in lawful money of the United States at the place to which notices are to be delivered to Landlord, unless Landlord designates a different address for the payment of Rent in writing to Tenant. Rent shall be payable on each anniversary of the Effective Date during the term hereof.

ARTICLE 5.

TAXES, ASSESSMENTS AND OTHER CHARGES

5.1. Impositions. Tenant covenants and agrees to pay prior to delinquency, all real property taxes, possessory interest taxes, license and permit fees, sales, use or occupancy taxes, assessments whether general or special, ordinary or extraordinary, unforeseen, as well as foreseen, of any kind or nature whatsoever, pertaining to this Lease, the Property or the Improvements or part thereof, including: (i) any assessment, levy, imposition or charge, in lieu of or substitution for real estate taxes; and (ii) any assessment for public improvements or benefits which is assessed, levied, or imposed upon or which becomes due and payable and a lien upon: (a) the Property or the Improvements or any part thereof or any personal property, equipment or other facility used in the operation thereof; (b) the rent or income received by Tenant from subtenants or licensees; (c) any use or occupancy of the Property or Improvements or part thereof; or (d) this transaction or, subject to the exclusions specified below, any document to which Tenant is a party creating or transferring an estate or interest in the Property or part thereof. All of the foregoing are hereinafter referred to as “**Impositions.**”

5.1.1. Exclusions. Impositions specifically shall exclude: (i) any income, franchise, gross receipts, estate, inheritance, transfer or gift tax imposed on Landlord; and (ii) any transfer tax imposed on any document to which Landlord is a party creating or transferring an estate or interest in the Property.

5.1.2. Installments. If, by law, any Imposition is payable, or may at the option of the taxpayer be paid, in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same respectively become due and before any fine or penalty may be added thereto for the nonpayment of any such installment and interest. Any Impositions relating to tax years that are only partially included in the Term shall be prorated between Tenant and Landlord.

5.1.3. Evidence of Payment. Upon request by Landlord, Tenant shall furnish, in form satisfactory to Landlord, evidence of payment prior to delinquency of all Impositions payable by Tenant.

5.2. Tenant Right to Contest. Tenant shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but such right shall not be deemed or construed in any way as relieving, modifying or extending Tenant's covenant to pay any such Imposition at the time and in the manner required by law. Any such contest shall be conducted in accordance with and subject to the requirements of Applicable Laws and otherwise in a manner that does not subject Landlord's title to the Property to foreclosure or forfeiture. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant. During any contest of an Imposition, Tenant shall (by payment of disputed sums, if necessary) prevent any advertisement of tax sale, foreclosure of, or any divesting of Landlord's title, reversion or other interest in the Property or the Improvements.

5.3. Tenant Duty to File. Tenant shall have the duty of making or filing any exemption application, declaration, statement or report which may be necessary or advisable in connection with property tax exemption or the determination, equalization, reduction or payment of any Imposition which is or which may become payable by Tenant under the provisions of this Article V, and Landlord shall not be responsible for the contents of any such declaration, statement or report.

5.4. Utilities. Tenant agrees to pay, or cause to be paid, all charges which are incurred by Tenant or which are otherwise a charge or lien against the Property or part thereof during the Term, for gas, water, electricity, light, heat or power, telephone or other communication service use, or other utility use, rendered or supplied upon or in connection with the Property. Tenant shall also obtain, or cause to be obtained, without cost to Landlord, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Property of wires, pipes, conduits and other equipment for the supply of utilities to the Project. In no event shall Landlord have any liability to Tenant, and Tenant releases Landlord, from any and all claims (including consequential damages, lost profits and similar damages) that Tenant may incur as a result of any interruption, curtailment or diminishment of such utilities, other than for the active negligence or willful misconduct of Landlord. Notwithstanding the foregoing, Tenant shall have the right to challenge the amount or validity of the foregoing charges, provided that doing so does not result in the Property being subjected to any lien or other encumbrance that is not itself adequately released, insured over or otherwise satisfied by Tenant after Tenant has exhausted its efforts to contest the same in accordance with all Applicable Laws.

ARTICLE 6. DEVELOPMENT OF THE PROPERTY

6.1. Construction of Improvements; Description of Project. Tenant agrees to construct on the Property a 39-unit multi-family residential rental project, together with related Improvements

in accordance with the DDLA, plans and specifications, entitlements and permits and approvals issued or approved by the City, including all governmental conditions of approval.

6.2. Construction Schedule/Deadlines. Subject to force majeure delays (meaning delays that delay the applicable construction, excluding defaults on financing), Tenant shall materially commence construction of the Project within 30 days following the Effective Date, and shall diligently prosecute to completion the construction of the Project sufficient to allow City to issue a final certificate of occupancy within three years following commencement of construction, subject to any such force majeure delays. Tenant's failure to commence or complete the Project in accordance with the time periods specified in this Section 6.2 shall be an Event of Default.

6.3. Construction Standards. Tenant shall carry out and shall cause its contractors to carry out the construction of the Project and all subsequent Improvements, alterations and replacements, in a high quality and workmanlike fashion in accordance with City's governmental conditions of approval and the construction plans approved by Landlord and City, and the permits issued by City, and in compliance with all applicable state, federal, and local laws, rules, ordinances, codes, and regulations, including, to the extent applicable, Labor Code Section 1720 et seq. and the regulations adopted pursuant thereto ("**Prevailing Wage Laws**"), and all other applicable federal and state labor laws and standards, applicable provisions of the Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other applicable provisions of the Brea City Code, and all applicable disabled and handicapped access requirements, including the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq., Government Code Section 4450 et seq., Government Code Section 11135 et seq., and the Unruh Civil Rights Act, Civil Code Section 51 et seq. (all of the foregoing, collectively "**Applicable Laws**").

6.4. Prevailing Wages.

6.4.1. To the extent required by applicable law, Tenant shall comply and shall cause its contractors, subcontractors and agents to comply with Prevailing Wage Laws and shall be responsible for carrying out the requirements of such provisions.

6.4.2. Without limiting the generality of the preceding paragraph, to the extent required by applicable law, Tenant shall:

(i) Pay, and shall cause all consultants and contractors to pay, prevailing wages in the construction of the Improvements as those wages are determined pursuant to Labor Code Section 1720 et seq.;

(ii) Cause all consultants and contractors to employ apprentices as required by Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations ("**DIR**"), and to comply with the other applicable provisions of Prevailing Wage Laws;

(iii) Keep and retain, and shall cause all consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Section 1720 et seq., and apprentices have been employed as required by Labor Code Section 1777.5 et seq.;

(iv) Post at the Property, or cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

(v) Cause contractors and subcontractors constructing the Improvements to be registered as set forth in Labor Code Section 1725.5;

(vi) Cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Improvements to specify that: (a) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Improvements unless registered with the DIR pursuant to Labor Code Section 1725.5; and (b) the construction of the Improvements is subject to compliance monitoring and enforcement by the DIR.

(vii) Provide the City all information required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

(viii) Cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

(ix) Cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

6.4.3. Tenant shall indemnify, defend (with counsel reasonably acceptable to City) and hold harmless the Indemnitees from and against all Claims arising directly or indirectly, in whole or in part, from the failure or alleged failure by Tenant, or any other person, including without limitation, Tenant's contractor and subcontractors to comply with all applicable provisions of Prevailing Wage Laws in connection with construction of the Project, including without limitation, all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781, all Claims relating to any failure to pay prevailing wages, employ apprentices, or comply with all applicable State or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws. The provisions of this Section shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion and final Certificate of Occupancy for the Project.

6.5. Easements; Reciprocal Easement/Joint Use Agreement. From time to time at Tenant's request, Landlord shall, in its capacity as fee title owner to the Property, join in the grant of reasonable easements to adjoining landowners and/or to public or private utility companies for utility service reasonably required to and for the benefit of the Project. Landlord agrees to join in granting or dedicating such public or private utility or other easements and making such other dedications as may be reasonably required for the development, maintenance, use, operation or enjoyment of the Property in accordance with this Lease.

6.6. Protection of Landlord. Nothing in this Lease shall be construed as constituting the consent of the Landlord, express or implied, to the performance of any labor or services, or the

furnishing of any materials or any specific improvements, alterations of or repairs to the Property or any part thereof, by any contractor, subcontractor, laborer or materialman such as to give rise to any right of any such contractor, subcontractor, laborer or materialman to file a mechanic's lien or other claim against the fee title to the Property. Landlord shall have the right at all reasonable times to post, and keep posted, on the Property any notices which Landlord may deem necessary for the protection of Landlord and the Property from mechanic's liens or other claims. Tenant shall give Landlord 10 days' prior written notice of the commencement of any work to be done on the Property to enable Landlord to post such notices. In addition, Tenant shall make, or cause to be made, timely payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Property (subject to Tenant's right to contest the same in accordance with all Applicable Laws).

6.7. Mechanic's Liens and Stop Notices. Tenant shall not allow to be placed on the Property or any part thereof any lien or stop notice on account of materials supplied to or labor performed on behalf of Tenant. If a claim of a lien or stop notice is given or recorded affecting the Project or the Property, then within 30 days of such recording or service Tenant shall either: (a) pay and discharge (or cause to be paid and discharged) the same; (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to Landlord that the claim of lien or stop notice will be paid or discharged. Tenant shall indemnify, defend and hold Landlord harmless from and against liability, loss, damages, costs and expenses (including reasonable attorneys' fees) incurred by or brought against Landlord for claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it.

6.8. Right of Landlord to Satisfy Liens on the Property. If Tenant fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 6.7 above, upon not less than 10 days' prior written notice to Tenant, the Landlord shall have the right, but not the obligation, to satisfy any such liens or stop notices at Tenant's expense and without further notice to Tenant, and all sums advanced by Landlord for such purpose shall be payable to Landlord as Additional Rent. In such event Tenant shall be liable for and shall immediately reimburse Landlord for such paid lien or stop notice. Alternatively, the Landlord may require Tenant to immediately deposit with Landlord the amount necessary to satisfy such lien or claim pending resolution thereof. The Landlord may use such deposit to satisfy any claim or lien that is adversely determined against Tenant. Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Property for a continuous period of 30 days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property. Landlord may (but has no obligation to) record any notices of completion or cessation of labor, or any other notice that Landlord deems necessary or desirable to protect its interest in the Property.

6.9. Use of Plans. The contracts relating to design and construction of the Improvements executed by and between Tenant (or an affiliate of Tenant) and any architect, other design professional or any general contractor shall provide in the contracts, or in a consent to assignment, in form and substance reasonably satisfactory to Landlord, for the assignment thereof, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation

or warranty regarding such contracts, to Landlord as security to Landlord for Tenant's performance hereunder, and Landlord shall be furnished with any such contract, and, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation or warranty regarding such contracts, Tenant hereby conditionally assigns such contracts and plans and for the Project to Landlord and in connection therewith, agrees that if this Lease is terminated due to Tenant's default, subject to the rights of and any prior assignments to Leasehold Mortgagees and without any representation or warranty regarding such contracts, Landlord may, at its election, use any plans and specifications to which Tenant is then entitled pursuant to any such contract upon the payment of any sums due to any party thereto and the obtainment of any approvals required from such architect, other design professional or general contractor.

6.10. Cost of Construction. Tenant shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the development of the Property and the construction of the Improvements. Except for the City Loan provided to Tenant pursuant to the DDLA and as otherwise expressly set forth herein, all costs of designing, developing and constructing the Improvements and the Project and compliance with the Project approvals (including all off-site and on-site improvements required by City in connection therewith) shall be borne solely by Tenant and shall not be an obligation of Landlord. If any Applicable Laws subsequently are changed so as to require during the Term any alteration of the Improvements, or the reinforcement or any other physical modification of the Improvements, Tenant shall be solely responsible for such cost and expense.

6.11. Project Approvals. Tenant acknowledges and agrees that execution of this Agreement by Landlord does not constitute approval for the purpose of the issuance of building permits for the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Tenant from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the development of the Property, including the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review. Tenant covenants that it shall obtain all necessary permits and approvals required by City, or any other governmental agency having jurisdiction over the Property, and shall not commence construction work on the Project prior to issuance of building permits required for such work. Landlord shall work cooperatively with Tenant to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project on the Property.

6.12. Conditions of Approval. Tenant shall develop the Property in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits issued by City or any other governmental body or agency with jurisdiction over the Project or the Property whether already granted or issued as of the Effective Date or as may subsequently be granted or issued in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the "Conditions of Approval").

6.13. Fees and Permits. Tenant shall have the sole responsibility for obtaining all necessary governmental permits and approvals for the construction of the Improvements, at Tenant's sole

cost and expense. Landlord shall cooperate with Tenant in connection with obtaining any such governmental permits and approvals. Unless and except otherwise agreed by the Parties in writing, Tenant shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City and all other agencies with jurisdiction over development of the Property in connection with obtaining building permits and other approvals for the Project, including those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, architectural review, historic review, and any subsequent approvals for the Project.

6.14. Construction Plans. Tenant has submitted, and as of the Effective Date, City's Building Department has approved, detailed construction plans for the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Tenant and Tenant's contractors shall rely in developing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications.

6.15. Construction Pursuant to Plans. Tenant shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to the Project. Tenant shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

6.16. Change in Construction Plans. Tenant shall notify Landlord in a timely manner of any material changes to the approved Construction Plans, including any material additions, changes, or deletions thereto. Written authorization from Landlord must be obtained before any of the following material changes, additions, or deletions in work for the Improvements may be performed: (i) any change in the work the cost of which exceeds Two Hundred Thousand Dollars (\$200,000); or (ii) any set of changes in the work the cost of which cumulatively exceeds Four Hundred Thousand Dollars (\$400,000); or (iii) any material change in building materials or equipment, specifications, or the structural or architectural design of the Improvements as provided for in the Construction Plans. Notwithstanding the foregoing, however, any change in the Construction Plans required in order to comply with applicable codes shall be deemed approved. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

6.17. Rights of Access. For the purpose of ensuring that the construction of the Project is completed in compliance with this Agreement, Tenant shall permit representatives of the Landlord and the City to enter upon the Property following two business days' written notice (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided).

6.18. Landlord Disclaimer. Tenant acknowledges that Landlord is under no obligation, and Landlord does not undertake or assume any responsibility or duty to Tenant or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Tenant and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the Landlord is solely for the purpose of determining whether Tenant is properly discharging its obligations under this Agreement, and shall not be relied upon by Tenant or any third party as a warranty or representation by the Landlord as to the quality of the design or construction of the Improvements or otherwise.

6.19. Defects in Plans. Landlord shall not be responsible to Tenant or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Tenant's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement. It is further agreed that Landlord does not, and shall not, waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations pursuant to this Section shall not extend to Claims arising due to the gross negligence or willful misconduct of the Indemnitees.

6.20. Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry, national origin, age or disability in the hiring, firing, promoting, or demoting of any person engaged in construction work on the Property, and Tenant shall direct its contractors and subcontractors to refrain from discrimination on such basis.

6.21. Insurance Requirements. Tenant shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article IX.

ARTICLE 7. USE OF THE PROPERTY

7.1. Permitted Uses. Tenant may use the Property for the construction and operation of the Project and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not do or permit any activity on or about the Property that constitutes a public or private nuisance. At Tenant's sole expense, Tenant shall procure and maintain all governmental licenses or permits required for the proper and lawful conduct of Tenant's activities conducted on the Property.

7.2. Affordable Housing Agreement. Tenant shall comply with the Affordable Housing Agreement.

7.3. No Condominium Conversion. Tenant shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Project during the Term of this Lease.

7.4. Management and Operation of the Project; Compliance with Laws. Tenant shall operate, maintain and manage the Property in a good condition and repair, subject to incidental wear and tear. Tenant, at its sole cost and expense, shall comply with all Applicable Laws pertaining to the use, operation, occupancy, and management of the Property. Tenant shall not itself, and shall not permit any subtenant to use the Property or the Improvements for any unlawful purpose and shall not itself, and shall not permit any subtenant to, perform, permit or suffer any act of omission or commission upon or about the Property or the Improvements which would result in a nuisance or a violation of Applicable Law. Landlord shall have the right to review and approve (such approval not to be unreasonably withheld, conditioned or delayed) the qualifications of any management entity proposed by Tenant for the Project. Landlord hereby approves Quality Management Group, Inc. as the initial management entity for the Project. Any contracting of management services by Tenant shall not relieve Tenant of its primary responsibility for proper performance of management duties.

7.5. Tenant Right to Contest. Tenant shall have the right to contest by appropriate proceedings, in the name of Tenant, and without cost or expense to Landlord, the validity or application of any Applicable Law. If compliance with any Applicable Law may legally be delayed pending the prosecution of any such proceeding without the incurrance of any lien, charge or liability against the Property or Tenant's interest therein, and without subjecting Tenant or Landlord to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including without limitation reasonable attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant.

7.6. Hazardous Materials.

7.6.1. Obligations of Tenant. Tenant hereby covenants and agrees that:

(i) Tenant shall not cause or permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Material in violation of Environmental Laws or otherwise knowingly permit the presence or release of Hazardous Material in, on, under, about or from the Property or the Project in violation of Environmental Laws with the exception of limited amounts of cleaning supplies and other materials customarily used in construction, use or maintenance of residential/mixed-use properties similar in nature to the Project and used, stored and disposed of in compliance with Environmental Laws.

(ii) Tenant shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Property or any portion of either to be in violation of, any Environmental Laws.

(iii) Promptly after receiving actual knowledge of the same, Tenant shall advise Landlord in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Tenant, or the Property pursuant to any applicable Laws; (ii) any and all claims made or threatened by any third party against the Tenant or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Material; or (iii) the presence or release of any Hazardous Material in, on, under, about or from the Property. The matters set forth in the foregoing clauses (i) through (iii) are hereinafter referred to as “**Hazardous Materials Claims**”. The Landlord shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claim.

(iv) Tenant shall promptly take all actions at its sole expense as are necessary to remediate the Property as required by law; provided that Landlord’s approval of such actions shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed. Without the Landlord’s prior written consent, Tenant shall not enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claim.

7.6.2. Environmental Indemnity:

(i) Environmental Indemnity by Tenant. From and after the Commencement Date, Tenant shall indemnify, defend and hold Landlord and Indemnitees harmless from and against any demand, lawsuit, liability, obligation, claim, damage, fine, penalty, expense, cost, or cause of action, whether at law or in equity, or any Hazardous Materials Claims resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Environmental Laws, that first occurred on or after the Effective Date, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of Landlord and Indemnitees. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death). Tenant’s indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement.

(ii) Environmental Indemnity by Landlord. From and after the Commencement Date, Landlord shall indemnify, defend and hold Tenant and Tenant’s officers, directors, partners, employees, agent, and representatives harmless from and against any demand, lawsuit, liability, obligation, claim, damage, fine, penalty, expense, cost, or cause of action, whether at law or in equity, or any Hazardous Materials Claims resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Environmental Laws, that first occurred prior to the Commencement Date, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of Tenant. This indemnity shall include any damage, liability,

fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death). Landlord's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement.

7.6.3. No Limitation. Tenant hereby acknowledges and agrees that Tenant's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information the Landlord may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Material, whether the Landlord obtained such information from the Tenant or from its own investigations, unless such information was known to the Landlord at the time of execution of this Agreement but not disclosed to Tenant and not known to Tenant at the time of execution of this Agreement.

7.6.4. Definitions.

(i) **"Hazardous Materials"** means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under sections 25115, 25117 or 25122.7, or listed pursuant to section 25140 of the Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under section 25316 of the Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under section 25501 of the Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under section 25281 of the Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum, or any fraction thereof; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to section 311 of the Clean Water Act (33 U.S.C. § 1317); (x) defined as a "hazardous waste" pursuant to section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, (42 U.S.C. § 6903); or (xi) defined as "hazardous substances" pursuant to section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended.

(ii) **"Environmental Laws"** means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Orange, City, any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Tenant, the Site, the Improvements or Hazardous Materials.

ARTICLE 8.
SURRENDER AND RIGHT TO REMOVE

8.1. Ownership During Term.

8.1.1. Improvements. During the Term of this Lease the Improvements shall, subject to the terms of this Lease, be and remain the property of Tenant.

8.1.2. Personal Property. All personal property, furnishings, fixtures and equipment installed by Tenant in, on or around the Property which (i) are not attached to the Property so as to cause substantial damage upon removal, and (ii) are not necessary for the construction or the normal operation and occupancy of the Project, shall be the personal property of Tenant ("**Personal Property**"). At any time during the Term, Tenant shall have the right to remove the Personal Property provided Tenant shall repair any damage caused by the removal of such Personal Property. Personal Property shall not include any portion or part of building components or fixtures necessary for the completion of the Project or the operation of the basic building systems (such as elevators, escalators, chillers, boilers, plumbing, electrical systems, lighting, sanitary fixtures and HVAC systems) which shall be deemed a part of the Improvements.

8.2. Ownership at Lease Conclusion.

8.2.1. Improvements. Upon the expiration or termination of this Lease ("**Lease Conclusion**") the Improvements and all stoves, refrigerators and dishwashers installed in the residential units ("**Appliances**") shall unconditionally be and become the property solely of Landlord, and no compensation therefor shall be due or paid by Landlord to Tenant for any part thereof, and this Lease shall operate as a conveyance and assignment thereof. Upon Lease Conclusion, Tenant shall surrender to Landlord the Property, the Improvements and the Appliances in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens, claims and encumbrances other than those matters existing prior to the Effective Date or matters subsequently created or consented to by Landlord (such consent not to be unreasonably withheld or delayed). Upon Lease Conclusion, at Landlord's request Tenant agrees to execute, acknowledge and deliver to Landlord such recordable instruments (including a Termination of Memorandum of Lease) as are required by a reputable title company to confirm the termination of the Lease and all Tenant's rights hereunder and to perfect Landlord's right, title and interest in and to the Property, the Improvements and the Appliances.

8.2.2. Personal Property. With the exception of the Appliances, any Personal Property may be removed prior to Lease Conclusion by Tenant; provided, however, the removal shall be with due diligence, and without expense to Landlord, and any part of the Property damaged by such removal shall be promptly repaired by Tenant. Any Personal Property which remains on the Property for 30 days after Lease Conclusion may, at the option of Landlord, be deemed to have been abandoned and either may be retained by Landlord as its property AND TENANT HEREBY WAIVES ANY STATUTES AND OTHER LAWS TO THE CONTRARY. If requested by Landlord within a reasonable time but not less than six months prior to the termination of this Lease, upon Lease Conclusion Tenant shall, at Tenant's sole cost and expense, remove all Personal Property, or portions thereof designated by Landlord.

8.3. Condition of Improvements at Lease Conclusion. Landlord has entered this Lease in reliance on the fact that, at Lease Conclusion, subject to any casualty and/or condemnation, Landlord will receive from Tenant the Improvements and Appliances in good condition and repair, reasonable wear and tear excepted and reflecting the age of the Improvements and Appliances at such time and Landlord's willingness during the Term of this Lease to consent to the encumbrance of Tenant's interest in the Property for construction financing. At any time during the Term, upon not less than two business days' written notice and during normal business hours, Landlord may inspect the Property and Improvements and Appliances to confirm that they are being properly maintained as required herein. Following its inspection, Landlord may deliver to Tenant written notification of any portions of the Property or Improvements or Appliances which Landlord has determined are not being properly maintained and Tenant shall promptly comply with the provisions of this Lease regarding such items; provided, the failure of Landlord to inspect or to notify Tenant of any default hereunder shall not be a waiver of Landlord's right to enforce Tenant's maintenance and repair obligations hereunder.

8.4. Survival. The provisions of this Article 8 shall survive Lease Conclusion.

ARTICLE 9. INSURANCE

9.1. Insurance. Tenant, at its sole cost and expense, commencing upon the Effective Date and continuing throughout the Term (except as otherwise specified below) shall keep and maintain in full force and effect policies of insurance pursuant to and in accordance with the requirements set forth in this Article IX. Landlord shall review and update the insurance requirements no more often than every five years during the term of this Lease and shall provide to Tenant written notice of the updated insurance requirements; provided, however, that any changes to the limits hereunder shall not exceed the increase in the CPI since the Commencement Date, with respect to the first such increase, and thereafter since the last increase pursuant to this Section 9.1.

9.1.1. Tenant and all contractors working on behalf of Tenant on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

9.1.2. Tenant (if Tenant has employees) and all contractors working on behalf of Tenant shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to Landlord evidence satisfactory to Landlord that Tenant and any contractor with whom Tenant has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

9.1.3. Upon commencement of construction work and continuing until issuance of the final certificate of occupancy or equivalent for the Project, Tenant and all contractors working on

behalf of Tenant shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming Landlord as loss payee.

9.1.4. Tenant (if Tenant has employees) and any contractor or subcontractor with whom Tenant or the general contractor has contracted for the performance of work on the Property or otherwise pursuant to this Agreement, shall carry statutory Workers' Compensation insurance and Employer's Liability insurance in a minimum amount of One Million Dollars (\$1,000,000) per accident.

9.1.5. Tenant shall require the Project architect, and engineer to maintain Professional Liability/Errors and Omissions insurance with limits not less than One Million Dollars (\$1,000,000) each claim. The City's Risk Manager may consider requests for lower limits for professionals that will provide a limited scope of services for the Project. Certificates evidencing this coverage must reference both the Tenant and the Indemnitees. If the professional liability/errors and omissions insurance is written on a claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Tenant must purchase, or require the provision of, extended period coverage for a minimum of three years after completion of construction.

9.1.6. Tenant shall maintain property insurance covering all risks of loss (other than earthquake), including flood (if required) for 100% of the replacement value of the Project with deductible, if any, in an amount reasonably acceptable to Landlord, naming Landlord as loss payee.

9.1.7. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Landlord as loss payee as its interest may appear pursuant to this Lease.

9.1.8. Tenant is obligated to have previously delivered to Landlord, as a condition to Closing under the DDLA reasonable evidence of all such insurance. If Tenant has neglected to so, then prior to commencement of construction work, Tenant shall furnish Landlord with certificates of insurance in form reasonably acceptable to Landlord evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify Landlord of any material adverse change, cancellation, termination or non-renewal of the coverage at least 30 days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

9.1.9. If any insurance policy or coverage required hereunder is canceled or reduced, Tenant shall, within 15 days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Landlord a certificate showing that the required insurance has been reinstated or provided through another

insurance company or companies. Upon failure to so file such certificate, Landlord may, without further notice and at its option, procure such insurance coverage at Tenant's expense, and Tenant shall promptly reimburse Landlord for such expense upon receipt of billing from Landlord. Failure to file such certificate shall also constitute an event of default.

9.1.10. Coverage provided by Tenant shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by Landlord, and the policies shall so provide. The Tenant's full insurance limit, including limits that exceed the requirements of this Lease shall be available to cover claims against the Landlord. The insurance policies shall contain a waiver of subrogation for the benefit of the Landlord. Tenant shall furnish the required certificates and endorsements to Landlord prior to the commencement of construction of the Project, and shall provide Landlord with certified copies of the required insurance policies upon request of Landlord.

9.1.11. Tenant shall obtain and deliver to Landlord additional insured endorsements for the general liability coverage, and shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

ARTICLE 10. INDEMNIFICATION BY TENANT

Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord), protect and save Landlord and the City of Brea and its elected and appointed officials, officers, employees, and agents (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, judgments, judicial or administrative proceeding, deficiency, order, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to: the construction, renovation, use, operation, or management of, the Property or the Improvements by Tenant; any breach or default on the part of Tenant in the performance of any covenant or agreement to be performed by Tenant pursuant to this Lease that has not been cured following written notice of such breach or default by Landlord and expiration of any applicable cure period; any negligence of Tenant or any of its agents, contractors, employees, sublessees, or licensees; any accident, injury or damage caused to any person in or on the Property or Improvements; the furnishing of labor or materials by Tenant; or the failure of Tenant to comply with Applicable Laws; whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that Landlord does not and shall not waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations set forth in this Section shall not apply to Claims to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitees. Tenant's obligations under this Article shall survive Lease Conclusion

ARTICLE 11. DAMAGE AND DESTRUCTION

11.1. Damage or Destruction.

11.1.1. In the event of any damage to or destruction of the Improvements during the Term for which insurance coverage is required under this Lease, Tenant shall restore and rebuild the Improvements as nearly as possible to their condition immediately prior to such damage or destruction, subject to any restrictions imposed by changes in Applicable Law and the availability of insurance proceeds for such purpose. Tenant shall commence diligently and continuously to carry out such rebuilding to full completion as soon as possible. Unless Landlord agrees otherwise in writing, Tenant shall commence reconstruction of the Improvements within 180 days following the date upon which insurance proceeds are made available for such work. Tenant shall be deemed to have commenced reconstruction when Tenant engages an architect for such work. Upon the occurrence of damage or destruction, all insurance proceeds paid in respect of such damage or destruction shall be applied to the payment of the costs of the restoration and rebuilding required to be performed by Tenant pursuant to this Lease. The insurance proceeds shall be held in trust by the senior Leasehold Mortgagee, or if none, a financial institution agreed upon by Landlord and Tenant (collectively, “**Insurance Trustee**”), with the costs of such trust to be a first charge against the insurance proceeds. After the completion of the restoration and rebuilding of the Improvements, any remaining insurance proceeds shall be paid to Tenant and Tenant shall be entitled to retain the same.

11.1.2. Notwithstanding the foregoing or any other provision to the contrary in this Article, if a Leasehold Mortgagee requires insurance proceeds payable with respect to a casualty to be paid to it or its successors or assigns pursuant to the terms of its Leasehold Mortgage, the insurance proceeds shall be delivered to such Leasehold Mortgagee to be applied by such Leasehold Mortgagee in accordance with such Leasehold Mortgage. No settlement with the issuer of any insurance policy purchased by the Tenant shall be made without the mutual agreement of the Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate this provision.

11.2. Rebuilding by Tenant. The funds held by the Insurance Trustee shall be held in trust and shall be applied to the cost of rebuilding. Subject to the rights of any Leasehold Mortgagee, any funds held by the Insurance Trustee following final completion of rebuilding and payment of all costs and expenses thereof and removal of any liens related thereto, shall be paid to Tenant.

11.3. Disbursement of Funds. If a Leasehold Mortgagee is the Insurance Trustee, then funds will be disbursed in accordance with the Leasehold Mortgage. If the Leasehold Mortgagee is not the Insurance Trustee, then the Insurance Trustee shall disburse funds only on a periodic basis approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed) and Tenant and only upon receipt of invoices and other documentation, certified as correct by Tenant’s architect, if an architect is required for the repair, evidencing satisfactory completion of the work for which payment is requested (“**Payment Request**”). Further, the Insurance Trustee shall not disburse any funds unless the payment request is accompanied by (a) an executed conditional lien release in form complying with California law relating to all labor and materials

described in the Payment Request and (b) an executed final lien release in form complying with California law releasing all claims for labor and materials described in the immediately preceding Payment Request.

11.4. Notice Required. In the event of material damage to or destruction of the Improvements, or any part thereof, Tenant shall promptly give Landlord and Leasehold Mortgagee notice of such occurrence and take all actions reasonably required to protect against hazards caused by such damage or destruction. For purposes of this Article damage or destruction shall be deemed to be material if the estimated cost to repair equals or exceeds One Hundred Thousand Dollars (\$100,000), increased annually by the CPI.

11.5. Removal of Debris. If this Lease shall terminate following the occurrence of damage to or destruction of the Improvements and at a time when Tenant shall not have restored and rebuilt the Improvements, then Tenant shall, at its cost and expense after the use of any insurance proceeds released for such purpose, remove the debris and damaged portion of Improvements (including without limitation all foundations) and restore the Property and Improvements or the applicable portion thereof to a neat, clean and safe condition.

11.6. Tenant's Right to Terminate. Notwithstanding any contrary provision of this Article, Tenant shall have the option to terminate this Lease and be relieved of the obligation to restore the Improvements where all or substantially all of the Improvements are substantially damaged or destroyed and such damage or destruction resulted from a cause not insured against by Tenant nor required to be insured against by Tenant under this Lease ("**Uninsured Loss**"), and where all of the following occur:

(i) No more than 120 days following the Uninsured Loss, Tenant shall notify Landlord of its election to terminate this Lease. To be effective, such notice must include the written consent of all Leasehold Mortgagees and partners of Tenant to Tenant's exercise of the option to terminate set forth in this Section 11.6. Landlord shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Tenant has obtained the consent of all Leasehold Mortgagees to Tenant's exercise of its option to terminate this Lease.

(ii) No more than 60 days following the giving of the notice required by the preceding paragraph (i) or such longer time as may be reasonable under the circumstances, Tenant shall, at Tenant's expense after the use of any insurance proceeds released for such purpose, remove all debris and other rubble from the Property, secure the Property against trespassers, and at Landlord's election, remove all remaining Improvements on the Property.

(iii) No more than 30 days following Tenant's termination notice, Tenant shall deliver to Landlord a quitclaim deed to the Property and Improvements in recordable form, in form and content reasonably satisfactory to Landlord and/or with such other documentation as may be reasonably requested by Landlord or any title company on behalf of Landlord, terminating Tenant's interest in the Property and Improvements.

ARTICLE 12.
LANDLORD’S RIGHT TO PERFORM TENANT’S COVENANTS

12.1. If Tenant shall at any time fail to pay any Imposition or other charge payable by Tenant to a third party as required by this Lease within the time permitted (which shall be deemed to include any time to contest the same that is permitted by Applicable Laws), or to pay for or maintain any of the insurance policies required pursuant to Article 9 within the time therein permitted, or to make any other payment or perform any other act on its part to be made or performed hereunder within the time permitted by this Lease, then after 30 days’ written notice to Tenant and after satisfying all other notice requirements set forth in this Lease respecting Leasehold Mortgagees and partners of Tenant and such parties’ failure to timely cure (or as applicable, commence to cure) the same, and without waiving or releasing Tenant from any obligation of Tenant hereunder, Landlord may (but shall not be required to): (i) pay such Imposition or other charge payable by Tenant; (ii) pay for and maintain such insurance policies required pursuant to Article 9; or (iii) make such other payment or perform such other act on Tenant’s part to be made or performed under this Lease; and Landlord may enter upon the Property and Improvements for such purpose and take all such action thereon as may be reasonably necessary therefor.

12.2. All sums paid by Landlord and all costs and expense incurred by Landlord in connection with the performance of any such act (together with interest thereon at the Default Rate from the respective dates of Landlord’s making of each such payment) shall constitute additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. The “**Default Rate**” shall mean interest calculated at an annual rate equal to the rate of interest most recently announced by Bank of America N.A. (or its successor bank) at its San Francisco office as its “reference rate” but in no event more than the maximum rate of interest permitted by law. If Bank of America or its successor no longer issues a “reference rate,” the most comparable rate of the largest bank with its corporate headquarters in California shall be used. If there is no such bank or comparable rate, then the Default Rate shall be the highest legal rate of interest that may be charged at that time.

ARTICLE 13.
REPAIRS, CHANGES, ALTERATIONS AND NEW CONSTRUCTION

13.1. Repairs and Maintenance. Tenant covenants and agrees, throughout the Term, without cost to Landlord, to take good care of the Property and to keep the same in good order and condition, reasonable wear and tear excepted. Tenant shall promptly, at Tenant’s own cost and expense, make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, whether contemplated or not contemplated at the time of execution of this Lease, and shall keep the Property in a well maintained, clean and sanitary condition, reasonable wear and tear excepted. The term “repairs” shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the original work, but reflecting the age of the Improvements. Tenant waives any rights created under any law now or hereafter in force to make repairs to the Improvements at Landlord’s expense. Tenant shall keep and maintain all portions of the Property and the sidewalks adjoining the same in a clean and

orderly condition, free of accumulation of dirt, rubbish, and graffiti. From time to time during the Term, upon not less than two business days' prior written notice from Landlord, Landlord may enter the Property, or portions thereof, to determine if Tenant is properly maintaining the Property. If, following any such inspection by Landlord, Landlord delivers notice of any deficiency to Tenant, Tenant shall promptly prepare and deliver to Landlord Tenant's proposed plan for remedying the indicated deficiencies. Tenant's failure to deliver a remedial plan and to complete, within a reasonable time, remedial work shall be a default under this Lease (subject to all applicable notice and cure rights of Tenant, Leasehold Mortgagees, and partners of Tenant). Landlord's failure to deliver, following any Landlord's inspection, any notice of deficiency to Tenant, shall not be a waiver of any default by Tenant under this Article. Tenant shall defend, indemnify, and hold Landlord harmless from and against any claim, loss, expense, cost, or liability incurred by Landlord arising out of Tenant's failure to fully and timely fulfill its obligations to maintain and repair the Property as required.

13.2. Changes and Alterations. Subject to Section 13.3 below, Tenant shall not during the Term make any changes or alterations in, to or of the Improvements without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, so long as Tenant complies with all of the following at Tenant's sole cost and expense:

(i) The change or alteration shall be in harmony with neighboring buildings and shall not materially impair the value or structural integrity of the Improvements.

(ii) The change or alteration shall be for a use which is permitted hereunder.

(iii) No change, alteration or addition shall be undertaken until Tenant shall have obtained and paid for, to the extent the same is required from time to time, all permits and authorizations of any federal, state or municipal government or departments or subdivisions of any of them, having jurisdiction. Landlord shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that Landlord shall incur no liability or expense in connection therewith.

(iv) Any change, alteration or addition shall be made in a good and workmanlike manner and in accordance with all applicable permits and all Applicable Laws.

(v) During the period of initial renovation of, or of construction of any change, alteration or addition in, to or of, the Improvements or of any permitted demolition or new construction or of any restoration, Tenant shall maintain or cause to be maintained property and other applicable insurance described in Article 9, which policy or policies by endorsement thereto, if not then covered, shall also insure any change, alteration or addition or new construction, including all materials and equipment incorporated in, on or about the Improvements (including excavations, foundations and footings) under a broad form all risks builders' risk form or equivalent thereof.

(vi) At Landlord's request, Tenant shall provide Landlord with a copy of as-built drawings for the Improvements within 60 days following the completion of the Improvements.

13.3. Exceptions to Requirement for Consent.

13.3.1. The foregoing notwithstanding, following Landlord's issuance of a Certificate of Completion as provided by the DDLA, Tenant shall not be required to obtain Landlord's prior written consent to any changes, alterations or Improvements so long as all the following requirements are met:

- (i) The change, alteration, or Improvement is nonstructural;
- (ii) The change, alteration or Improvement has a cost of less than Five Hundred Thousand Dollars (\$500,000), increased annually by the CPI; and
- (iii) The provisions of Article VI are satisfied.

13.3.2. Notwithstanding the foregoing, except in response to emergency situations for which it would not be reasonably practicable or possible to provide such advance notice, Tenant shall deliver to Landlord not later than 10 days prior to commencement of any construction, change, alteration or repair, written notice of the proposed work, a general description of the proposed work and sufficient information to permit Landlord to post a notice of non-responsibility on the Property.

13.4. No Right to Demolish. Subject to Section 13.3.1, Tenant shall have no right to demolish any Improvement, once built, unless Tenant shall have received the prior written consent of Landlord which shall not be unreasonably withheld if the age and condition of the Improvements makes repair or reconstruction impractical or financially infeasible.

ARTICLE 14. EMINENT DOMAIN

14.1. Definitions. The following definitions shall apply in construing the provisions of this Article XIV:

- (i) **"Award"** means all compensation, damages or interest, or any combination thereof, paid or awarded for the taking, whether pursuant to judgment, by agreement, or otherwise.
- (ii) **"Notice of intended taking"** means any notice or notification on which a reasonably prudent person would rely and would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes the service of a condemnation summons and complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a written notice of intent to take.
- (iii) **"Partial taking"** means any taking that is not a total taking, a substantial taking, or a temporary taking.

(iv) **“Substantial taking”** means the taking of so much of the Property that the remaining portion thereof would not be economically and feasibly usable by Tenant for the then existing uses and purposes of the Property, in Tenant’s reasonable judgment, but shall exclude a temporary taking.

(v) **“Taking”** means any taking of or damage, including severance damage, to all or any part of the Property or any interest therein by the exercise of the power of eminent domain, or by inverse condemnation, or a voluntary sale, transfer or conveyance under threat of condemnation in avoidance of the exercise of the power of eminent domain or while condemnation proceedings are pending.

(vi) **“Temporary taking”** means the taking of any interest in the Property for a period of less than one (1) year.

(vii) **“Total taking”** means the taking of all or substantially all of the Property, but shall exclude a temporary taking.

14.2. Notice. The party receiving any notice of the kind specified below shall promptly give the other party and all Leasehold Mortgagees written notice of the receipt, contents and date of the notice received:

- (i) Notice of intended taking;
- (ii) Service of any legal process relating to condemnation of all or any portion of the Property;
- (iii) Notice in connection with any proceedings or negotiations with respect to such a condemnation; or
- (iv) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

14.3. Respective Interests. Landlord and Tenant, and any Leasehold Mortgagee, each shall have the right to represent its respective interest in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of their respective claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the mutual agreement of Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate the provisions of this Lease relating to condemnation.

14.4. Total or Substantial Taking.

14.4.1. Effect. In the event of a total or substantial taking of fee title to the Property, Tenant’s interest in this Lease and all obligations of Tenant subsequently accruing shall cease as of the date of the vesting of title in the condemning authority; provided, however, that if actual physical possession of all or part of the Property is taken by the condemning authority prior to such date of vesting of title, Tenant’s obligations to pay Rent and other sums under this Lease shall terminate as of such earlier date. In the event of a total or substantial taking of an interest in the

Property other than fee title, at Tenant's option (exercisable by written notice to Landlord), Tenant's interest in this Lease and all obligations of Tenant subsequently accruing hereunder shall cease as aforesaid.

14.4.2. Award on Total or Substantial Taking. In the event of a total or substantial taking, the Award shall be apportioned as follows, in the following order:

(i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.

(ii) To Landlord that portion of the Award equal to the fair market value of Landlord's reversionary interest in the Property and the Improvements.

(iii) To Tenant, that portion of the Award equal to the fair market value of Tenant's leasehold estate in the Property and fee interest in the Improvements (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above.

14.5. Temporary Taking. In the event of a temporary taking, Tenant shall be entitled to the whole Award, and this Lease shall remain in full force and effect.

14.6. Partial Taking.

14.6.1. Effect. In the event of a partial taking, this Lease shall remain in full force and effect, covering the remainder of the Property, and Tenant shall repair and restore any damage to the Improvements caused by such partial taking consistent with and subject to the provisions applicable to a restoration in the event of an insured casualty under Article 9, so that after completion of the restoration the Improvements shall be, as nearly as possible, in a condition as good as the condition immediately preceding the partial taking. The Award for any partial taking shall be deposited and disbursed in the same manner as insurance proceeds are disbursed for restoration pursuant to Article 9, and upon completion of the restoration, any remaining portion of the Award shall be allocated as set forth in Section 14.6.2.

14.6.2. Award on Partial Taking. In the event of a partial taking, after application of the Award for restoration pursuant to Section 14.6.1, any remaining portion of such Award shall be apportioned as follows, in the following order:

(i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.

(ii) To Landlord, that portion of the Award attributable to the fair market value of Landlord's reversionary interest in the portion of the Property and Improvements taken.

(iii) To Tenant, that portion of the Award equal to the fair market value of the portion of the Improvements taken (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above, but only to the extent that the proceeds of the Award are not used for restoration of the Improvements.

(iv) The balance, if any, shall be allocated between Landlord and Tenant respectively in that proportion in which (i) the fair market value of the Property bears to (ii) the fair market value of the Improvements exclusive of the reversionary interest of Landlord. Any “bonus value” attributable to this Lease shall be paid to Landlord.

(v) Any severance damages awarded or payable because only a portion of the Property is taken by eminent domain shall be paid to Tenant.

14.6.3. Tenant in Default. No payments shall be made to Tenant pursuant to this Section if any default by Tenant hereunder has occurred and is continuing unless and until such default is cured; provided, however, that during the continuation of any such default, the amounts owed to Tenant pursuant to this Section shall be used to offset any damages owed by Tenant under this Lease in connection with any such default.

14.6.4. Partial Taking in Last Fifteen Years. If a partial taking occurs during the last 15 years of Term and the reasonably estimated cost of reconstruction work exceeds, for each such remaining year of the Term, the same percent of the replacement value of the Improvements as the number of years remaining, Tenant shall have the right and option to treat the same as a substantial taking by giving written notice thereof to Landlord no later than 60 days following the earlier of: (a) the date of vesting of title in the condemning authority of the portion of the Property taken; or (b) the date upon which the condemning authority takes physical possession of such portion of the Property. If Tenant does give such notice the partial taking shall be considered as a substantial taking and the taking shall be subject to the provisions of Section 14.4. For example, if there are 14 years remaining, then the applicable percentage of the replacement value that would permit Tenant to treat the taking as a substantial taking is 14%.

ARTICLE 15. MORTGAGES

15.1. Leasehold Mortgages. Tenant shall have the right, at any time and from time to time during the Term, to encumber its leasehold interest hereunder with a Leasehold Mortgage or Mortgages provided that (a) no Leasehold Mortgage shall in any way impair (except as otherwise stated herein or as provided by law) the enforcement of Landlord’s right and remedies herein and by law provided, (b) any such Leasehold Mortgage shall at all times be subject and subordinate to, and shall not affect or become a lien upon Landlord’s right, title or estate in the Property or in this Lease, and (c) Tenant shall give Landlord prior written notice of any such Leasehold Mortgage, accompanied by a true and correct copy of any such Leasehold Mortgage. Any Leasehold Mortgage shall be subject to the terms and conditions set forth in this Article.

15.2. Rights of Leasehold Mortgagee.

15.2.1. Notices. If Tenant shall have provided Landlord with written notice of the address of any Leasehold Mortgagee, Landlord shall mail to such Leasehold Mortgagee a copy of any notice under this Lease at the time of giving such notice to Tenant, and no such notice shall be effective against such Leasehold Mortgagee, and no termination of this Lease or termination of Tenant’s right of possession of the Property or reletting of the Property by Landlord predicated on

the giving by Landlord of any notice shall be effective, unless Landlord gives to such Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or termination, as the case may be.

15.2.2. Right to Cure.

(i) In the event of any default by Tenant under the provisions of this Lease, the Leasehold Mortgagee shall have the right, but not the obligation, to remedy or cause to be remedied such default (including the right to enter the Property and to take possession of the Property if necessary to cure the default) within the same cure period as afforded Tenant hereunder, extended by an additional 60 days, which cure period shall commence as against the Leasehold Mortgagee upon the delivery to the Leasehold Mortgagee of the notice of default. Landlord shall accept such performance by the Leasehold Mortgagee as if the same had been done by Tenant.

(ii) The term “**incurable default**” as used herein means any default which cannot be reasonably cured by a Leasehold Mortgagee, such as a bankruptcy by Tenant. The term “**curable default**” means any default under this Lease which is not an incurable default. Any failure to pay monetary sums shall at all times be deemed a curable default. Any failure to comply with the requirements of Section 7.2 shall at all times be deemed a curable default, and as to Leasehold Mortgagees or any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof), Landlord shall not terminate this Lease provided such party is diligently and in good faith proceeding to cure any such default. In the event of any curable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake the curing of such default, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with reasonable diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease, by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property, appoint a receiver, exercise any other remedy under this Lease, or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the curing of such default or effecting such foreclosure, and upon completion of a foreclosure (or assignment or deed in lieu thereof) and obtaining of possession by the Leasehold Mortgagee, the Leasehold Mortgagee shall have a reasonable time to cure the default. The foregoing sentence shall not be deemed to extend the time period within which a default in the payment of money must be cured under Section 15.2.2 (a). The Leasehold Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings. Nothing herein shall preclude Landlord from terminating this Lease with respect to any additional default which shall occur during any period of forbearance and not be remedied within the cure period, if any, applicable to any such additional default, except that Leasehold Mortgagee shall have the same rights specified in this Article XV with respect to any additional defaults.

(iii) In the event of any incurable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) of this Lease, the Leasehold Mortgagee shall give Landlord written notice that it intends to exercise its rights to acquire the leasehold interest of Tenant by foreclosure or otherwise, and shall promptly commence and then

proceed with reasonable diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in effecting such foreclosure and such incurable default shall be deemed cured upon the foreclosure of the Leasehold Mortgage (or assignment or deed in lieu thereof).

(iv) If the default by Tenant pertains to the failure of Tenant to complete construction of the Project within the time period required under Section 6.2, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a), the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with reasonable diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the completion of the construction of the Project or effecting such foreclosure or acquisition of possession.

(v) If a Leasehold Mortgagee is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings for Leasehold Mortgagee shall be extended for the period of such prohibition.

15.2.3. Execution of New Lease.

(i) If this Lease is terminated for any reason, including by Tenant's trustee in bankruptcy, receiver, liquidator or other similar person on account of a default or if Tenant's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of the Leasehold Mortgagee, or pursuant to judicial proceedings, and if:

(a) All monetary defaults of Tenant have been cured, and

(b) The Leasehold Mortgagee shall have arranged to the reasonable satisfaction of Landlord to cure any other curable default of Tenant under this Lease, then Landlord, within 30 days (or such period as may reasonably be necessary to enable Landlord to comply with statutory requirements applicable to Landlord's lease of real property) after receiving a written request therefor, which shall be given within 60 days after such termination or transfer and upon payment to it of all reasonable out-of-pocket expenses, including attorneys' fees, incident thereto, will execute and deliver a new lease of the Property to the Leasehold Mortgagee or its affiliate or other nominee or to the purchaser, assignee or transferee, as the case may be, for the remainder of the Term, containing the same covenants, agreements, terms, provisions, priority, and limitations. The tenant under such new lease shall be personally obligated only for the performance of obligations under the Lease commencing as of the date of such foreclosure or assumption, and ending as of the date of any assignment of the Lease to a successor tenant.

(ii) Upon the execution and delivery of a new lease, the new tenant, in its own name or in the name of Landlord may take all appropriate steps as shall be necessary to remove Tenant from the Property, but Landlord shall not be subject to any liability for the payment of fees, including attorneys' fees, costs or expenses in connection therewith, and the new tenant shall pay all such fees, including attorneys' fees, costs and expenses, on demand, and shall make reimbursement to Landlord of all such fees, including attorneys' fees, costs and expenses, incurred by Landlord. Tenant acknowledges and agrees that Landlord shall have no liability whatsoever to Tenant in connection with any such action, and releases Landlord from any claim Tenant may have with respect thereto.

(iii) Following foreclosure or enforcement of a Leasehold Mortgage, or assignment in lieu thereof, Landlord will recognize the purchaser or assignee of the leasehold estate as the Tenant under the Lease.

(iv) After such termination and cancellation of the Lease and prior to the expiration of the period within which the Leasehold Mortgagee may elect to obtain a new lease from Landlord, Landlord shall refrain from terminating any existing sublease or otherwise encumbering the Property or the Improvements without the prior written consent of the Leasehold Mortgagee. Any new lease shall vest in the new lessee all right, title, interest, power and privileges of Tenant hereunder in and to the Property and the Improvements, including the assignment of Tenant's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of Tenant. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of the Lease was superior to the lien of the Leasehold Mortgage that the new lessee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of the Lease, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of the Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee. If more than one entity claims to be the Leasehold Mortgagee that is entitled to a new lease pursuant to this subsection, Landlord shall enter into such new lease with the lender whose mortgage or deed of trust is prior in lien. Landlord, without liability to Tenant or any lender with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state of California as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease.

15.2.4. Tenant Default Under Leasehold Mortgage. If Tenant defaults under a Leasehold Mortgage, the Leasehold Mortgagee may exercise with respect to Tenant's interest in the Property and the Improvements any right, power or remedy under the Leasehold Mortgage which is not in conflict with the provisions of this Lease, including without limitation, judicial or nonjudicial foreclosure of the Leasehold Mortgage (or deed or assignment in lieu thereof), appointment of a receiver, and/or revocation of Tenant's license to collect rents.

15.2.5. No Merger. There shall be no merger of this Lease or any interest in this Lease, nor of the leasehold estate created hereby, with the fee estate in the Property, by reason of the fact that this Lease or such interest therein, or such leasehold estate may be directly or indirectly held by or

for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a Leasehold Mortgage to a Leasehold Mortgagee who shall hold the fee estate in the Property or any interest of the Landlord under this Lease.

15.2.6. Assumption of Obligations. For the purpose of this Article, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or Transfer of this Lease or of the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant. The purchaser at any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the leasehold estate hereby created under any instrument or assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, in order to be deemed to be an assignee or transferee and before the same shall be binding on Landlord, must assume in writing the performance of all of the terms, covenants, and conditions on the part of Tenant during the period such party holds a leasehold interest in the Property by an instrument, in recordable form, reasonably satisfactory to Landlord; provided however, that nothing contained herein shall be construed to require the purchaser, assignee or transferee as described above to be obligated to cure any default by Tenant.

15.2.7. Limitation of Leasehold Mortgagee Liability for Tenant Defaults. Notwithstanding any contrary provision hereof: (i) no Leasehold Mortgagee shall be required to pay any liens or charges that are extinguished by the foreclosure of its Leasehold Mortgage; (ii) any incurable default shall be, and shall be deemed to have been waived by Landlord upon completion of foreclosure proceedings or acquisition of Tenant's interest in this Lease by any purchaser at a foreclosure sale, or any entity who otherwise acquires Tenant's interest from the Leasehold Mortgagee by deed in lieu of foreclosure; and (iii) the liability of a Leasehold Mortgagee and any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof shall be limited to its leasehold interest in this Lease and shall extent to any other assets of such Leasehold Mortgagee or entity. Any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof) acquires an interest in the leasehold only, and shall be liable to perform the obligations of Tenant under this Lease only during the period such entity retains ownership of the interest of Tenant in the Property and in this Lease.

15.3. Non-Subordination of Fee. Nothing in this Lease shall be construed as an agreement by Landlord to subordinate its fee interest in the Property or its right to rent payments hereunder or any other right of Landlord herein. Except as expressly set forth in this Article, no Leasehold Mortgage shall impair Landlord's ability to enforce its rights and remedies under this Lease or provided by law. Landlord shall have no obligation to encumber or otherwise subordinate its fee interest in the Property or in this Lease to the interest of any Leasehold Mortgagee in this Lease or in Tenant's leasehold estate.

15.4. Subsequent Transfers. With the exception of the first transfer following a foreclosure or deed in lieu of foreclosure, which such first transfer shall not require consent of Landlord, in the event any person or entity becomes the lessee under the Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease obtained under Section 15.2.7, such person or entity may assign or Transfer the Lease or such new lease in compliance with the terms of Article XVI.

15.5. Landlord's Rights Under Leasehold Mortgages.

15.5.1. Notice of Tenant's Default. Tenant shall use commercially reasonable efforts to ensure that every Leasehold Mortgage secured by a deed of trust on Tenant's leasehold estate in the Property shall expressly provide that:

(i) The Leasehold Mortgagee shall endeavor to give Landlord contemporaneous notice of any default by Tenant thereunder, if the failure to cure such default could reasonably be expected to result in acceleration of the maturity of the debt secured by the Leasehold Mortgage; provided however, that the Leasehold Mortgagee's giving or failure to give notice shall not affect the Leasehold Mortgagee's rights or ability to timely pursue all applicable remedies, including, but not limited to, filing a notice of default or notice of sale, instituting judicial foreclosure proceedings, or seeking the appointment of a receiver. In addition, within three business days following Tenant's receipt of any notice of default under any financing document affecting the Property, Tenant shall provide Landlord with a copy of such notice.

(ii) Landlord shall have the right to cure any curable default by Tenant (but without obligation to do so) upon the same terms and conditions and within the time period for Tenant to cure; and

(iii) If Landlord shall tender payment in full of all sums required to be paid under the Leasehold Mortgage or the note secured thereby (disregarding any acceleration of maturity thereunder, but including any costs or expenses arising as a result of such default) on or before 60 calendar days from the date of such notice of default from the Leasehold Mortgagee to Landlord or the date of recordation of such notice of default, then the lender shall accept such payment and rescind the acceleration, if any. Any sums paid by Landlord pursuant to this Section 15.5.1 shall become immediately due and payable from Tenant to Landlord as Rent due under this Lease; provided however, that no Leasehold Mortgagee shall be obligated to cure a failure by Tenant to pay such amount pursuant to the rights granted to Leasehold Mortgagees under this Lease and Landlord shall have no right to terminate this Lease as a result of Tenant's failure to pay such amounts.

15.5.2. Landlord shall have the right and option (but not the obligation), during the period described in the last sentence of this paragraph, by notice in writing to the Leasehold Mortgagee, to purchase any Leasehold Mortgage, the note secured thereby, and any other instruments securing or guaranteeing such note or otherwise evidencing any obligation secured by the Leasehold Mortgage. The purchase price therefor shall be the full amount due and owing to the Leasehold Mortgagee, including interest (including default interest), and any costs, expenses, swap termination fees, and penalties (including prepayment penalties) payable in accordance with the terms thereof, and any swap contract entered into in connection with such loan. The sale and

assignment by the Leasehold Mortgagee shall be without recourse or warranty by the Leasehold Mortgagee except that such Leasehold Mortgagee has good title to the note (or is authorized to obtain payment or acceptance on behalf of one who has good title) and has the authority to transfer the loan to the Landlord. The right granted by this paragraph may be exercised by Landlord at any time after the Leasehold Mortgagee has declared the entire sum secured by any Leasehold Mortgage to be due and payable or has recorded a notice of default or filed an action for judicial foreclosure, and such right shall terminate 60 days following receipt by Landlord of the notice described above.

15.6. No Voluntary Surrender/Modification. Notwithstanding anything to the contrary set forth herein, Landlord will not voluntarily surrender the Lease or accept a voluntary surrender of the Tenant's leasehold estate, and Landlord will not amend or modify the Lease without the prior written consent of (i) all holders of any Leasehold Mortgage then in effect (which such party may withhold in such party's sole discretion), and (ii) the limited partners of Tenant. Landlord will not enforce against any Leasehold Mortgagee any waiver or election made by Tenant under the Lease which has a material adverse effect on the value of Tenant's leasehold estate or the rights of Tenant under the Lease without the prior written consent of such Leasehold Mortgagee (which may be withheld in its sole discretion).

15.7. Leasehold Mortgagee Right to Pay Landlord Obligations. Leasehold Mortgagees identified by written notice by Tenant to Landlord shall have the right, but not the obligation, upon not less than five business days' prior written notice to Landlord, to pay any taxes payable by Landlord with respect to the Property, and to cure any monetary or nonmonetary default by Landlord under any encumbrance on the Property which has priority over this Lease; and if any Leasehold Mortgagee does so pay or cure any such encumbrance (not including any property taxes or assessments, which are to be paid by Tenant), Landlord shall reimburse such Leasehold Mortgagee for the amount thereof promptly following Landlord's receipt of Leasehold Mortgagee's written request therefor.

15.8. Amendments for the Benefit of Leasehold Mortgagees. Landlord and Tenant shall cooperate to include in this Lease by reasonable amendment from time to time, reasonable provisions which may reasonably be requested by any proposed Leasehold Mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Lease and allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of the Leasehold Mortgage upon the occurrence of a default under the Lease. Landlord and Tenant each agree to execute and deliver (and acknowledge, if necessary for recording purposes) any agreement reasonably necessary to effect any such amendment; provided however, that any such amendment shall not in any way affect the Term, the Rent payable hereunder, nor otherwise in any material respect adversely affect any rights or materially increase the obligations of Landlord under this Lease.

15.9. No Encumbrance to Fee Estate. Landlord hereby represents and warrants to Tenant that there are no mortgages or deeds of trust encumbering Landlord's fee interest in the Property and that during the Term of this Lease Landlord will not secure any loan or other obligation by its fee estate in the Property. Each Leasehold Mortgagee is an intended third party beneficiary of the foregoing representation and warranty.

ARTICLE 16.
ASSIGNMENT, TRANSFER, SUBLETTING

16.1. Restrictions on Transfer or Assignment by Tenant.

16.1.1. Prior to the issuance of a Certificate of Completion for the Project as provided by the DDLA, any sale, transfer, assignment, conveyance, or other disposition of all or any portion of Tenant's interest in the Property, the Improvements, or this Lease shall be prohibited without the prior written consent of Landlord. Upon issuance and recordation of the Certificate of Completion for the Project as provided by the DDLA, except as permitted pursuant to Article XV and this Article, Tenant shall not sell, transfer, assign, convey, or otherwise dispose ("**Transfer**") all or any portion of its interest in the Property, the Improvements or this Lease voluntarily, involuntarily, by operation of law, or otherwise, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Each Transfer shall comply with all requirements therefor set forth elsewhere in this Lease and Tenant shall have no right to hypothecate or encumber its interest in this Lease or sublet or assign all or any portion of the Property and/or the Improvements except as expressly provided under the terms of this Lease. No voluntary or involuntary assignee, sublessee, or successor in interest of Tenant shall acquire any rights or powers under this Lease except as expressly set forth herein.

16.1.2. Exceptions. Notwithstanding any contrary provision of this Lease, Landlord's consent shall not be required, and the provisions of Section 16.2 shall not be applicable, with respect to the following Transfers: (A) the renting or leasing of residential units to tenants in the ordinary course of business in accordance with the Affordable Housing Covenant; (B) the granting of a Leasehold Mortgage in accordance with Section 15.1 or the foreclosure of a Leasehold Mortgage or the acquisition of Tenant's interest in this Lease by an assignment or deed in lieu of foreclosure; and (C) the first Transfer and/or any new lease following any event described in clause (B) of this sentence. In addition, Landlord's consent shall not be required for any Transfer of Tenant's interest in the Property or any portion thereof, to an entity in which Jamboree Housing Corporation ("**JHC**"), retains 50% or more of the equity or beneficial interest in such entity and controls such entity, or to a limited partnership in which JHC or its affiliate acts as the general partner, provided Landlord is given the applicable entity organizational documents. None of the transfer of limited partner interests in Tenant, the admission of an investor limited partner to Tenant's partnership, or the removal of a general partner by the investor limited partner pursuant to the limited partnership agreement pursuant to the terms of Section 16.7 shall be considered a Transfer for purposes of this Article.

16.2. Procedure for Obtaining Landlord's Consent.

16.2.1. Transfer Request. With respect to each Transfer requiring the Landlord's consent under Section 16.1, Tenant shall send to Landlord written request for Landlord's approval of the Transfer (a "**Transfer Consent Request**") specifying the name and address of the proposed transferee and its legal composition (if applicable). Each Transfer Request shall be accompanied by all of the following:

- (i) An audited or certified financial statement of the proposed transferee for the three most recent calendar or fiscal years (or shorter period that such entity has been in existence)

prepared in accordance with generally accepted accounting procedures by a certified public accounting firm sufficiently current and detailed to evaluate the proposed transferee's assets, liabilities and net worth and certified as true and correct by the proposed transferee;

(ii) A description of the nature of the interest proposed to be transferred, the portion or portions of the Property affected by the Transfer, and the proposed effective date of such Transfer;

(iii) A true and complete copy of the proposed assumption agreement described in Section 16.6 and any other documents relating to the assignment and assumption (including any documents that include payment for the assignment);

(iv) A complete history of the proposed transferee describing its background, its current real estate projects and location thereof, and the background of the principals or personnel to be involved in the development or operation of the portion of the Property subject to the Transfer and stating whether the proposed transferee ever filed for bankruptcy or had projects that were foreclosed;

(v) A description of all projects of the proposed transferee which during the past five years have been the subject of substantial litigation; and

(vi) Any such other information as reasonably requested by Landlord within 15 days following the receipt of the above information, in order to make an informed decision whether or not to approve or disapprove the Transfer.

16.2.2. Approval of Landlord. Within 30 days following receipt of all the information referred to in Section 16.3(a), Landlord shall approve or disapprove a proposed transferee with respect to the information supplied which approval shall not be unreasonably withheld. If Landlord fails to give Tenant written notice of its disapproval of the transferee or request additional information in writing within such period, it shall be deemed to have approved the transferee.

16.3. Subleases; Nondisturbance, and Attornment. Tenant shall not permit its space tenants to sublease their apartment units. Tenant agrees for the benefit of Landlord that each sublease, rental agreement, and any other agreement for occupancy of any part of the Improvements (each an **"Occupancy Agreement"**): (a) shall state that it is subject to the terms and provisions of this Lease, and (b) shall require that the subtenant under the Occupancy Agreement shall attorn to and accept Landlord as the sublessor or other party under the Occupancy Agreement in the event this Lease is terminated. Landlord agrees that as long as each Occupancy Agreement complies with the requirements of the preceding clauses (a) and (b), then upon the expiration or termination of this Lease, Landlord shall recognize the subtenant or occupant under the Occupancy Agreement as the direct tenant of Landlord under the terms and conditions contained in the Occupancy Agreement and for a term equal to the then unexpired term of the Occupancy Agreement; provided however, that: (i) at the time of the expiration or termination of this Lease no uncured default shall exist under the Occupancy Agreement which at such time would permit the termination of the Occupancy Agreement or the exercise of any dispossession remedy provided for therein; and (ii) Landlord shall not be (x) liable for any prior act or omission of Tenant under the Occupancy Agreement; (y) liable for the return of any security deposit under the Occupancy Agreement not

actually received by Landlord; or (z) subject to any offsets or defenses that the subtenant or occupant may have against Tenant. The provisions of this Section shall survive the expiration or termination of this Lease.

16.3.1. No Relief from Liability; Release of Transferor. No Transfer will limit, diminish, or otherwise relieve Tenant or a successor in interest/assignee of any liability described herein arising during its ownership of the leasehold estate evidenced by this Lease. Landlord shall release the transferor following a Transfer only upon Landlord's receipt transferee's written assumption of such liability and only if such Transfer is in violation of the terms of this Section.

16.3.2. No Consent If Bankruptcy. In no event shall Landlord be required to consent or be deemed to consent to a Transfer to a party then subject to any proceedings under any insolvency, bankruptcy or similar laws.

16.3.3. Criteria for Transfer. Among other valid reasons for withholding consent, Landlord shall be deemed to be reasonable in withholding its consent to a proposed Transfer if, among other requirements, the proposed transferee does not have demonstrated experience operating and managing affordable residential projects similar to the Project.

16.4. Involuntary and Other Transfers.

16.4.1. Without limiting any other restrictions on transfer contained in this Lease, no interest of Tenant in this Lease, the Property or part thereof shall be assignable in the following manner:

(i) Under an order of relief filed, or a plan of reorganization confirmed, for or concerning Tenant by a bankruptcy court of competent jurisdiction under the federal bankruptcy act or the laws of the State of California, whereby any interest in this Lease, the Property or part thereof is assigned to any party which does not qualify as an approved transferee pursuant to this Lease unless such order is filed or such plan is confirmed in connection with an involuntary proceeding brought against Tenant and Tenant reacquires such transferred interest within 120 days after the date such order is filed or such plan is confirmed;

(ii) If Tenant assigns substantially all of its assets for the benefit of its creditors;
or

(iii) If an order of attachment is issued by a court of competent jurisdiction, whereby any interest in this Lease, the Property or part thereof or substantially all of Tenant's assets are attached by its creditors and such order of attachment is not stayed within 120 days after the date it is issued.

16.4.2. The transfers described in this Section shall constitute a breach under this Lease by Tenant and Landlord shall have the right to terminate this Lease as a result of any such transfer taking place, in which case this Lease shall not be treated as an asset of Tenant. In such event, a Leasehold Mortgagee or Limited Partner may request a new lease in accordance with Section 15.2.3.

16.5. Assumption Agreement and Release. No permitted Transfer shall be effective until any curable default hereunder shall have been cured and there shall have been delivered to Landlord an assumption agreement, executed by the transferor and the proposed transferee, whereby such transferee expressly assumes liability for such Lease obligations as arise and accrue during the period in which the transferee retains ownership of the interest of Tenant in the Property and in this Lease. The parties agree that as a condition to any Transfer taking place the transferee shall deliver to Landlord representations and warranties confirming the accuracy of the information delivered to Landlord concerning its current financial condition and its outstanding or pending liabilities.

16.6. Change in General Partner of Tenant. In addition to the restrictions on Transfers as set forth in this Article, Landlord shall have the right to approve any change in the identity of the general partner of Tenant, including without limitation, any admission of any new general partner or withdrawal of any existing general partner. Such approval right of Landlord shall also apply to the transfer of a majority of the ownership interest in a general partner of Tenant. Notwithstanding any contrary provision of this Section, Landlord's approval shall not be required with respect to any change in the identity or ownership of the general partner of Tenant as long as following such change the general partner of Tenant continues to be an entity which controls, is controlled by, or is under common control with JHC. For purposes of this Article, "control" shall mean the right to direct the management and affairs of an entity, whether by virtue of the ownership of ownership interests, by contract, by appointment of directors or by common or overlapping boards.

16.7. Sale by Landlord. Nothing contained in this Lease shall be deemed in any way to limit, restrict or otherwise affect the right of Landlord to sell, transfer, assign or convey all or any portion of the right, title and estate of Landlord in the Property and in this Lease; provided, however, that in each such instance any such sale, transfer, assignment or conveyance shall be subject to this Lease, and Tenant's other rights arising out of this Lease shall not be affected or disturbed in any way by any such sale, transfer, assignment or conveyance. Any other provision of this Lease to the contrary notwithstanding, each covenant, agreement or obligation of Landlord under this Lease relating to the ownership or use of the Property is intended to and shall constitute a covenant running with the title to the Property and shall be binding upon the owner from time to time of the Property. At such time as Landlord shall sell, transfer, assign or convey the entire right, title and estate of Landlord in the Property and in this Lease, all obligations and liability on the part of Landlord arising under this Lease after the effective date of such sale, transfer, assignment or conveyance shall terminate as to Landlord, and thereupon all such liabilities and obligations shall be binding upon the transferee. Tenant shall have a right of first refusal to purchase the Property from Landlord on the same terms on which Landlord is willing to sell the Property.

ARTICLE 17.
BREACHES, REMEDIES AND TERMINATION

17.1. Event of Default. Tenant shall be in default under this Lease upon the occurrence of any of the following (each, an “**Event of Default**”):

17.1.1. Monetary Obligation. Tenant at any time is in default hereunder as to any monetary obligation (including without limitation, Tenant’s obligation to pay taxes and assessments due on the Property or part thereof, subject to Tenant’s rights to contest such charges pursuant to Section 5.2), and such default continues for 30 days after a written notice of default is delivered by Landlord to Tenant;

17.1.2. Insurance. Tenant fails to obtain and maintain any policy of insurance required pursuant to this Lease, and such failure continues for 30 days after a written notice of default is delivered by Landlord to Tenant;

17.1.3. Abandonment. Tenant abandons the Property in accordance with Civil Code Section 1951 et. seq.;

17.1.4. Bankruptcy. Tenant or any general partner of Tenant files a voluntary petition in bankruptcy or files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of Tenant (or any general partner of Tenant) or of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

17.1.5. Reorganization. A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Tenant seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree remains unvacated and unstayed for an aggregate of 120 days from the first date of entry thereof, or any trustee receiver or liquidator of Tenant of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof is appointed without the consent or acquiescence of Tenant and such appointment remains unvacated and unstayed for an aggregate of 120 days, such period to be extended in all cases during any period of a bona fide appeal diligently pursued by Tenant;

17.1.6. Attachment. Subject to Tenant’s right to contest the following charges pursuant to Sections 5.2 and 6.6, Tenant fails to pay prior to delinquency taxes or assessments due on the Property or the Improvements or fails to pay when due any other charge that may result in a lien on the Property or the Improvements, and Tenant fails to cure such default within 90 days of the date of delinquency, but in all events prior to the date upon which the holder of any lien has the right to pursue foreclosure thereof;

17.1.7. Transfer. Tenant Transfers all or any portion of Tenant's interest in this Lease, the Property, the Improvements or part thereof in violation of the provisions of Article XVI and fails to rescind such Transfer within 30 days after written notice from Landlord

17.1.8. Other Obligations. Tenant defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section and unless a shorter cure period is specified for such default, the default continues for 30 days after the date upon which Landlord shall have given written notice of the default to Tenant; provided however, if the default is of a nature that it cannot be cured within 30 days, an Event of Default shall not arise hereunder if Tenant commences to cure the default within 30 days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion.

17.2. Notice and Opportunity to Cure.

17.2.1. Notice of Breach. Unless expressly provided otherwise in this Lease, no breach by a party shall be deemed to have occurred under this Lease unless another party first delivers to the nonperforming party a written request to perform or remedy ("**Notice of Breach**"), stating clearly the nature of the obligation which such nonperforming party has failed to perform, and stating the applicable period of time, if any, permitted to cure the default.

17.2.2. Failure to Give Notice of Breach. Failure to give, or delay in giving, Notice of Breach shall not constitute a waiver of any obligation, requirement or covenant required to be performed. Except as otherwise expressly provided in this Lease, any failure or delay by either party in asserting any rights and remedies as to any breach shall not operate as a waiver of any breach or of any such rights or remedies. Delay by either party in asserting any of its rights and remedies shall not deprive such party of the right to institute and maintain any action or proceeding which it may deem appropriate to protect, assert or enforce any such rights or remedies.

17.3. Remedies Upon Default.

17.3.1. Landlord's Remedies. Upon the occurrence and during the continuation of any Event of Default and in addition to any and all other rights or remedies of Landlord hereunder and/or provided by law, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV, Landlord shall have the right to terminate this Lease and/or Tenant's possessory rights hereunder, in accordance with applicable law to re-enter the Property and take possession thereof and of the Improvements, and except as otherwise provided herein, to remove all persons and property therefrom, and to store such property at Tenant's risk and for Tenant's account, and Tenant shall have no further claim thereon or hereunder.

17.3.2. Remedies Upon Abandonment. If Tenant should breach this Lease and abandon the Property, Landlord may, at its option, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV, enforce all of its rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Property, and all costs, including attorneys' and receiver's fees incurred in connection with the appointment of and performance by a receiver to protect the Property and Landlord's interest under this Lease.

17.3.3. Landlord Right to Continue Lease. In the event of any default under this Lease by Tenant (and regardless of whether or not Tenant has abandoned the Property), this Lease shall not terminate (except by an exercise of Landlord's right to terminate under Section 17.3.1) unless Landlord, at Landlord's option, elects to terminate Tenant's right to possession or, at Landlord's further option, by the giving of any notice (including, without limitation, any notice preliminary or prerequisite to the bringing of legal proceedings in unlawful detainer) to terminate Tenant's right to possession. For so long as this Lease continues in effect, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all rent and other monetary payments as they become due. For the purposes of this Lease, the following shall not constitute termination of Tenant's right to possession: (a) acts of maintenance or preservation or efforts to relet the Property; or (b) the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease.

17.3.4. Right to Injunction; Specific Performance. In the event of a default by Tenant under this Lease that remains uncured beyond any applicable grace periods permitted hereunder, Landlord shall have the right to commence an action against Tenant for injunction, and/or specific performance. Tenant's failure, for any reason, to comply with a court-ordered injunction or order for specific performance shall constitute a breach under this Lease.

17.3.5. Damages Upon Termination. Should Landlord elect to re-enter the Property, or should Landlord take possession pursuant to legal proceedings or to any notice provided by law, this Lease shall thereupon terminate, and Landlord may recover from Tenant all amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things are likely to result therefrom, including all costs (including attorneys' fees) of repossession, removing persons or property from the Property, repairs, reletting, and reasonable alterations of the Improvements in connection with reletting, if any.

17.4. Right to Receiver. Following the occurrence of an Event of Default, if Tenant (and all Leasehold Mortgagees and Limited Partners) fails after delivery of a notice of default or Notice of Breach to cure the default within the time period set forth in this Lease, Landlord, at its option, may have a receiver appointed to take possession of Tenant's interest in the Property with power in the receiver (a) to administer Tenant's interest in the Property, (b) to collect all funds available in connection with the operation of the Property, and (c) to perform all other acts consistent with Tenant's obligations under this Lease, as the court deems proper. Landlord's rights under this Section 17 shall be subject and subordinate to the rights of all Leasehold Mortgagees and Limited Partners.

17.5. Remedies Cumulative. No remedy in this Article shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised from time to time and as often as occasion may arise or as may be deemed expedient.

17.6. No Election of Remedies. The rights given in this Article to receive, collect or sue for any rent or rents, moneys or payments, or to enforce the terms, provisions and conditions of this Lease, or to prevent the breach or nonobservance thereof, or the exercise of any such right or of

any other right or remedy hereunder or otherwise granted or arising, shall not in any way affect or impair or toll the right or power of Landlord upon the conditions and subject to the provisions in this Lease to terminate Tenant's right of possession because of any default in or breach of any of the covenants, provisions or conditions of this Lease beyond the applicable cure period.

17.7. Survival of Obligations. Nothing herein shall be deemed to affect the right of Landlord to indemnification for liability arising prior to the termination of the Lease for personal injuries or property damage or in connection with any other Claim, nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief is appropriate. No expiration or termination of the Lease by operation of law, or otherwise, and no repossession of the Property or any part thereof shall relieve Tenant of its previously accrued liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession.

17.8. No Waiver. Except to the extent that Landlord may have agreed in writing, no waiver by Landlord of any breach by Tenant of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be deemed a waiver by Landlord of its rights or remedies with respect to such breach.

ARTICLE 18. GENERAL PROVISIONS

18.1. Estoppel Certificates. At any time and from time to time, Landlord and Tenant, shall for the benefit of each other and any Limited Partner or Leasehold Mortgagee, on at least 15 days' prior written request by the requesting party, deliver to the party requesting same a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the same is in full force and effect as modified and stating the modifications) and stating whether or not, to the best knowledge of the certifying party, the other party is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the certifying party may have knowledge and such other statements or certifications reasonably requested. A prospective purchaser, or mortgagee shall be entitled to request such a statement and rely on a statement delivered hereunder.

18.2. Quiet Enjoyment. Landlord covenants and agrees that Tenant (and pursuant to the provision of Articles XV and XVII, respectively, any Leasehold Mortgagee and Limited Partner, as applicable), upon paying the Rent and all other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Property during the Term of this Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations and conditions of this Lease.

18.3. Landlord's Right to Enter the Property. Landlord and its agents may enter the Property or the Improvements from time to time with not less than two business days' written notice (and, upon Tenant's request, when accompanied by representative(s) of Tenant), except for emergencies in which case no notice shall be required, to inspect the same, to post notices of nonresponsibility

and similar notices, and to discharge Tenant's obligations hereunder when Tenant has failed to do so within a reasonable time after written notice from Landlord.

18.4. Severability. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

18.5. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Lease shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by either (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

Landlord: City of Brea
1 Civic Center Circle
Brea, CA 92821
Attention: City Manager

Tenant:

With copies to: [TBD Tax Credit Investor]

Leasehold Mortgagees: [TBD]

18.6. Construction. The language in all parts of this Lease shall be construed as a whole, according to its fair meaning and not strictly for or against Landlord or Tenant. Unless otherwise indicated, references to "Section ___" shall refer to provisions of this Agreement. The terms "include," "includes" and "including" are non-exhaustive. The term "shall" is mandatory and the term "may" is permissive.

18.7. Tenant's Rights. Landlord acknowledges that, subject to Tenant's obligations to pay rent pursuant to the terms of this Lease, Tenant shall have the exclusive right to deduct, claim, retain and enjoy any and all income, appreciation gain, depreciation, amortization and tax credits for federal and state tax purposes relating to the Property and Landlord shall treat Tenant as the tax owner of the Property for federal income tax purposes and shall not file any tax returns inconsistent with this treatment.

18.8. Binding on Successors. Subject to the restrictions on Transfers set forth in Article XVI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

18.9. Short Form of Lease. A memorandum of lease substantially in the form set forth in the attached Exhibit B shall be executed by Landlord and Tenant and recorded in the Office of the Orange County Recorder.

18.10. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court for Orange County, California or in the Federal District Court for the Southern District of California.

18.11. Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

18.12. Indemnity Includes Defense Costs. In any case where either party is obligated under an express provision of this Lease, to indemnify and to save the other party harmless from any damage or liability, the same shall be deemed to include defense of the indemnitee by the indemnitor, such defense to be through legal counsel reasonably acceptable to the indemnitee.

18.13. No Brokers; No Third-Party Beneficiaries. Landlord represents that it has not engaged any broker or agent to represent Landlord in this transaction. Tenant represents that it has not engaged any broker or agent to represent Tenant in this transaction. Each party agrees to indemnify and hold the other harmless from and against any and all liabilities or expenses, including attorneys' fees and costs, arising out of, or in connection with claims made by any broker or individual for commissions or fees as a result of the acts of the indemnifying party. There shall be no third-party beneficiaries to this Lease other than the Leasehold Mortgagees.

18.14. Disclaimer of Partnership, Lender/Borrower Relationship. The relationship of the parties under this Lease is solely that of landlord and tenant, and it is expressly understood and agreed that Landlord does not as a result of this Lease in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise. This Lease is not intended to, and shall not be construed to, create the relationship of principal and agent, partnership, joint venture, association, or seller and buyer as between Landlord and Tenant. It is further expressly understood and agreed that this Lease is not intended to, and shall not be construed to create the relationship of lender and borrower, and Landlord does not, solely as a result of this Lease, become a lender to Tenant.

18.15. Entire Agreement; Amendments. This Lease together with the DDLA, the Affordable Housing Covenant and the other documents executed in connection with the DDLA contains the entire agreement between the parties relative to the subject matter hereof. All previous correspondence, communications, discussions, agreements, understandings or proposals and acceptances thereof between the parties or their representatives, whether oral or written, are deemed to have been integrated into and superseded by this Lease and are of no further force and

effect except as expressly provided in this Lease. No amendment or modification hereof shall be effective for any purpose unless in writing signed by Landlord and Tenant.

18.16. Time is of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation, and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a “business day” means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

18.17. Survival. The following provisions shall survive the expiration or termination of this Lease: all representations made by Tenant hereunder, Tenant’s release of Landlord pursuant to Section 2.6, Tenant’s indemnification and defense obligations and all other provisions of this Lease which state that they shall survive the expiration or termination of this Lease.

18.18. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

18.19. Action by the Landlord. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the Landlord is required or permitted under this Lease, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the governing board of the Landlord. The City Manager shall not unreasonably withhold, condition or delay the giving, making or taking of any such action.

18.20. Books and Records; Inspection of Books and Records. Tenant shall keep and maintain at the Project, or elsewhere with City’s written consent, full, complete, and accurate books, records, and accounts relating to the Project, including such books, records, and accounts necessary to document Tenant’s compliance with this Lease and prevailing wage laws. Upon request, Tenant shall permit the Landlord to inspect those books, records and all other documents of Tenant necessary to determine Tenant’s compliance with the terms of this Agreement.

18.21. No Termination During Compliance Period; No Termination for Default Under Regulatory Agreement. Notwithstanding anything in this Lease to the contrary, (i) during the 15 year tax credit compliance period under Section 42 of the Internal Revenue Code, Landlord shall have no right to terminate this Lease; provided, however, that Landlord can exercise all other remedies available hereunder, and (ii) Landlord shall have no right to terminate this Lease for a default under the Regulatory Agreement, and shall be limited to the remedies contained therein.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the Effective Date.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

**EXHIBIT A
TO GROUND LEASE**

Legal Description of the Property

(Attached)

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**EXHIBIT B
TO GROUND LEASE**

FORM OF MEMORANDUM OF LEASE

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

THE UNDERSIGNED DECLARE:

Documentary Transfer Tax is \$0.00; City Transfer Tax is \$0.00.

Conveyance for no consideration (long term lease with no rent).

THIS MEMORANDUM OF GROUND LEASE (“**Memorandum**”), dated for identification purposes as of _____, 20__, is entered into by and between the CITY OF BREa, a municipal corporation (“**City**”), and _____, L.P., a California limited partnership (“**Tenant**”).

Pursuant to that certain Ground Lease dated _____, 202_ (the "**Lease**"), Landlord hereby leases to Tenant and Tenant leases from Landlord certain real property situated in the City of Brea, California, more specifically described on Exhibit A attached hereto (the "**Site**").

City has determined and found that the Site is in excess of its foreseeable needs.

The term of the Lease commences as of the date of the Lease, and shall continue until the date that is ninety-nine (99) years after the completion of the housing project described in the Lease (as evidenced by a final Certificate of Occupancy), unless sooner terminated pursuant to the terms of the Lease.

All of the terms of the Lease are hereby incorporated herein by reference.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of date set forth above.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

EXHIBIT A
To Memorandum of Lease

LEGAL DESCRIPTION

(Attached)

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EXHIBIT H
PRELIMINARY FINANCING PLAN

(Attached)

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Disposition, Development, and Loan Agreement, Ground Lease, and Funding Request for a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard

Meeting	Agenda Group	
Tuesday, May 7, 2024, 7:00 PM	CONSENT CALENDAR	Item: 5K
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. Review and provide initial comments on a Disposition, Development, and Loan Agreement with Jamboree Housing Corporation for the construction and operation of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard (Attachment A);
2. Direct staff to bring the Disposition, Development, and Loan Agreement back to the May 21, 2024 City Council Meeting for formal approval at a Public Hearing to authorize the City Manager and City Clerk to execute a Disposition, Development, and Loan Agreement, which would include:
 - a) Executing a 55-year Ground Lease (or maximum allowed by law);
 - b) Utilizing the CalOptima Health Grant award funds in the amount of \$6,028,491.51 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard;
 - c) Utilizing the City of Brea's Affordable Housing Trust funds in the amount of \$2,000,000.00 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard;
 - d) Utilizing the City of Brea's Housing Successor funds in the amount of \$2,457,483.00 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard; and
 - e) Authorizing the City Manager and City Attorney to administratively revise the Disposition, Development, and Loan Agreement as needed.
3. Amend the City's Fiscal Year 2023-25 Operating Budget to appropriate \$8,028,491.51 from the Affordable Housing Trust Fund (270) for the Disposition, Development, and Loan Agreement;
4. Amend the City's Fiscal Year 2023-25 Operating Budget to appropriate \$2,457,483.00 from the Housing Successor Fund (280) for the Disposition, Development, and Loan Agreement;
5. Authorize the City Manager to authorize a wire transfer/s of the specified funds to Jamboree Housing Corporation;
6. Authorize the City Manager or his designee to approve waiving Development Impact Fees in an amount up to \$1,900,000.00;
7. Authorize the City Manager or his designee to approve waiving In-Kind Fees as applicable;
8. Approve a California Environmental Quality Act (CEQA) Exemption Determination under CEQA Guidelines Sections 15061 (b)(3) and 15194; and
9. Adopt a Resolution declaring the project site of 323 North Brea Boulevard exempt from the Surplus Land Act pursuant to California Government Code Section 54221(f)(1)(B) (Attachment B).

BACKGROUND/DISCUSSION

In 2001, the Brea Redevelopment Agency purchased a 0.44-acre site, located at 323 North Brea Boulevard ("Project Site"). After the dissolution of California Redevelopment Agencies in 2012, the Successor Agencies were required to plan for the disposition and use of the former Agencies' non-housing properties. In 2017, the Project Site was purchased by the City of Brea, with the intended use as a future affordable housing project. Detailed information about the sale and purchase is provided in the October 12, 2017 Oversight Board Staff Report as Attachment C, with the fully executed Agreement for Purchase and Sale and Joint Recording Instructions provided as Attachment D.

On August 16, 2022, the City of Brea's 6th Cycle Housing Element ("Housing Element") was adopted via Resolution Number 2022-061, and certified by the State on September 8, 2022. The Project Site was identified in both the 5th and 6th Cycle Housing Elements as an opportunity site for affordable housing units. Additionally, the Housing Element committed the City to seek funding opportunities to further develop housing in Brea. Detailed information about the adopted Housing Element and the update process can be found on the City of Brea website, <https://www.ci.brea.ca.us/174/Housing-Elements>.

On May 11, 2023, the City of Brea issued a Notice of Funding Availability ("NOFA") for an affordable housing development (Attachment E). The NOFA was posted on the City's Purchasing web page soliciting proposals from developers for an affordable multi-family residential project. Jamboree Housing Corporation ("Jamboree") was the sole respondent to the NOFA, proposing a 40-unit project serving low and extremely low-income households. Since that time, City staff continued to collaborate with Jamboree to develop an affordable housing project and apply for additional funding opportunities.

On May 17, 2023, City staff continued their collaborative efforts with Jamboree to prepare and submit a grant application to CalOptima Health ("CalOptima") to facilitate the production of permanent supportive residential units on the Project Site. On October 20, 2023, the City was subsequently awarded \$6,028,491.51. Detailed information about the CalOptima Health Grant, Housing Element commitments, and use of the Project Site is provided in the November 7, 2023 City Council Staff Report as Attachment F.

The Housing Element defines permanent supportive housing as affordable housing with on-site services (management) that help residents transition into more stable, productive lives. Services may include childcare, after-school tutoring, career counseling, etc. Permanent supportive housing is treated as a multi-family residential land use where rent is paid and typically does not impose a defined limit on length of residency. Permanent supportive housing is a separate and different use than transitional housing.

On March 11, 2024, City staff received a Preliminary Plan Review application from Jamboree, proposing development of a permanent supportive affordable housing project ("Project") located on the Project Site. The Project proposal includes up to 40 apartment units for households earning at or below 30% of the Area Median Income ("AMI"), an onsite manager, resident services and case management. As part of their application, Jamboree requested financial contributions and other considerations for the Project which can help leverage other funding sources.

By June 30, 2024, the City of Brea's Housing Successor Fund (Fund 280) has an excess surplus of \$2,457,483.00 that must be encumbered for the development of affordable housing (per California Health and Safety Code Section 34176.1(d)). Approval and subsequent execution of the Disposition, Development, and Loan Agreement ("DDLA") will satisfy this requirement. The DDLA is a contract with Jamboree defining the terms of development of the Project, including the terms of a Ground Lease and City funding contributions. The DDLA documents the proposed Project; financing plan, such as conventional loan/s and tax credits; lease terms of the Site; timeline of events; and responsibilities of each party

(City and Jamboree). The DDLA is necessary to ensure applicable conditions are met prior to executing the Ground Lease and providing funding for the Project.

Staff has reviewed Jamboree's request and is recommending the following terms for a proposed DDLA, as well as additional considerations:

Ground Lease for 323 North Brea Boulevard	
Term	<i>55-years (or maximum allowed by law)</i>
Fee/Repayment	<i>\$1.00 annually</i>
Additional Requirements	<i>Only to be used for affordable housing</i>
CalOptima Health Grant Award	
Amount	<i>\$6,028,491.51</i>
Term	<i>55-years</i>
Interest	<i>0%</i>
Repayment	<i>None; Forgivable grant</i>
Additional Requirements	<i>Project must serve and support CalOptima Medi-Cal members</i>
City of Brea Affordable Housing Trust Funds (Fund 270)	
Amount	<i>\$2,000,000.00</i>
Term	<i>55-years</i>
Interest	<i>0-3%</i>
Repayment	<i>Optional annual Residual Receipts (annual project revenue after expenses, such as operations or other payment obligations)</i>
Additional Requirements	<i>N/A</i>
City of Brea Housing Successor Funds (Fund 280)	
Amount	<i>\$2,457,483.00</i>
Term	<i>55-years</i>
Interest	<i>0-3%</i>
Repayment	<i>Optional annual Residual Receipts (annual project revenue after expenses, such as operations or other payment obligations)</i>
Additional Requirements	<i>N/A</i>
Waiver of Development Impact Fees	
Dispatch, Fire, Traffic, Water	<i>Up to \$1,900,000.00 during the total lifespan of the project.</i>
Waiver of In-Kind Fees	

Staff Time Associated with Project Processing	<i>To Be Determined</i>
California Environmental Quality Act (CEQA) Exemption	
CEQA Categorical Exemption under California Code of Regulations Title 14, Section 15194	<i>Project qualifies for an Affordable Housing Exemption, where the project is on a site no more than five acres in area and is located in an urbanized area, (i.e. City of Brea), where the site adjoins 75 percent of developed parcels and the City has a total population of at least 25,000 people. In addition, the project meets threshold criteria set forth in California Code of Regulations Title 14, Section 15192. The project is consistent with the City's General Plan and applicable zoning ordinance, a community wide environmental review was completed when the City's General Plan was last adopted, the project can be served by existing utilities, and the project site is not located on or consists of an environmentally sensitive site (e.g. wetlands, endangered species, hazardous site, historical resources, fire hazard, open space, landslide, etc.).</i>

Per Section 33433 of the California Health and Safety Code, the City is required to hold a Public Hearing prior to formal approval of the proposed DDLA, which includes a Ground Lease of the Project Site. A Public Notice was published in the Brea Star-Progress on May 2, 2024, with a scheduled second notice to be published on May 9, 2024.

At this time, staff recommends the City Council introduce the DDLA and direct staff to bring it back to the May 21, 2024 City Council Meeting for formal approval, at a Public Hearing. The DDLA includes a 55-year Ground Lease (or maximum allowed by law) with Jamboree Housing Corporation, use of the CalOptima Health Grant, the City's Housing funds, and the additional considerations as outlined in the previous table in order to facilitate production of new affordable housing units. Staff is currently seeking additional funding opportunities for this Project and, if awarded, will be brought to the City Council for authorization of use.

Additionally, after formal adoption of a Resolution declaring the Project Site exempt from the Surplus Land Act, the California Department of Housing and Community Development has 30 days to review the City's declaration and provide comment before the DDLA may be executed.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed staff's recommendation at their March 26, 2024 meeting and recommended to proceed to Council for approval.

FISCAL IMPACT/SUMMARY

If approved, there could be a negligible impact to the General Fund estimated up to \$1,900,000.00 during the total lifespan of the project due to waivers of Development Impact and In-Kind Fees. If not waived, these fees would be paid out of the City's Housing Funds, potentially reducing available dollars for the project. The total funding amount of \$10,486,274.51 will be funded by the Affordable Housing Trust Fund (270) and the Housing Successor Fund (Fund 280), thus creating no impact to the General Fund.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Marie Dao, Senior Management Analyst

Concurrence: Melissa Davis, Community Development Manager and Jason Killebrew, Community Development Director

Attachments

[ATTACHMENT A - Disposition Development Loan Agreement \(DRAFT\).pdf](#)

[ATTACHMENT B - Resolution re Exempt Surplus Land Determination for 328 N. Brea Blvd..pdf](#)

[ATTACHMENT C - October 12, 2017 Oversight Board Staff Report and Minutes.pdf](#)

[ATTACHMENT D - Agreement for Purchase and Sale and Joint Recording Instructions.pdf](#)

[ATTACHMENT E - May 1, 2023 Notice of Funding Availability.pdf](#)

[ATTACHMENT F - November 7, 2023 City Council Staff Report and Minutes.pdf](#)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

By and between

THE CITY OF BREA

and

JAMBOREE HOUSING CORPORATION

_____, 2024

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THIS DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT (this “**Agreement**”) is dated [REDACTED], 2024 (“**Effective Date**”) for reference purposes and is executed by the CITY OF BREA, a California municipal corporation (“**City**”), and JAMBOREE HOUSING CORPORATION, a California nonprofit corporation (“**Developer**”). City and Developer are collectively referred to herein as the “**Parties**.”

RECITALS

- A. City is the owner of property located at 323 N. Brea Boulevard (APN 296-301-02) described in **Exhibit “A”** attached hereto (the “**Property**”). City intends to ground lease the Property to Developer and make a secured loan to Developer, and Developer intends to ground lease the Property from City and accept such loan, upon and subject to the terms and conditions hereinafter set forth.
- B. The Property was acquired by the former Brea Redevelopment Agency using its housing set aside funds, and the funds for the City loan are also derived from such housing set aside funds. City is the successor to the housing assets of the former Brea Redevelopment Agency, including the Property and such funds. A copy of this Agreement and a report summarizing the same have been made available to the public as required by Health and Safety Code Section 33433.
- C. City has determined that the Property is “exempt surplus land” within the meaning of Government Code Section 54221(f)(1)(B) because it is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. Confirmation of City’s determination by the California Department of Housing and Community Development is a condition precedent to City’s obligation to lease the Property to Developer under this Agreement.
- D. Developer has proposed the development of a [REDACTED]-unit multi-family rental housing development on the Property consisting of [REDACTED] apartments that will be affordable to extremely low income households and one manager’s unit, and other amenities (“**Project**”) as more particularly described in the form of Ground Lease attached hereto as **Exhibit “G”** (“**Ground Lease**”).
- E. Developer has applied for and been granted a density bonus for the Project, which includes various concessions and waivers, in exchange for restricting [REDACTED] units to extremely low income households at an affordable rent in a recordable density bonus affordable housing covenant, which shall be and remain unsubordinated. A separate recordable affordable housing restriction agreement is also required due to the involvement of former Brea Redevelopment Agency property acquired with housing set aside funds, and the source of the loan funds.
- F. Upon satisfaction of the conditions precedent to closing set forth in this Agreement and subject to the terms and conditions set forth herein, City will lease the Property to Developer for 55 years pursuant to the Ground Lease for development and operation of the Project and will provide a secured loan of \$ [REDACTED] (“**City Loan**”) to assist in financing the Project.

- G. As conditions to the closing, among other documents, Developer will execute and deliver to escrow for recording (or in the case of the promissory note and assignment, directly to City) the following: a secured promissory note to evidence Developer's obligation to repay the City Loan; a deed of trust that will provide City with a security interest in Developer's leasehold interest in the Property to secure the City Loan; an assignment of contracts and plans that will provide City with a security interest in architect's and engineer's contracts and plans and specifications to secure the City Loan; and an Affordable Housing Agreement in the form attached hereto as **Exhibit "F"**.
- H. A material inducement to City to enter into this Agreement and close the transactions described herein is the agreement by Developer to comply with the Ground Lease and the Affordable Housing Agreement, including the obligation to develop the Project in accordance with and within the time periods specified in the Ground Lease. City would be unwilling to close this transaction in the absence of an enforceable commitment by Developer to take such actions and complete such work in accordance with such provisions and within such time periods.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS; EXHIBITS

Section 1.1 Incorporation of Recitals. The Parties acknowledge the truth of the foregoing recitals which are hereby incorporated into this Agreement by this reference.

Section 1.2 Definitions. The following terms shall have the meanings set forth below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

"Affordable Housing Agreement" means an affordable housing agreement substantially in the form attached as **Exhibit "F"**.

"Assignment Agreement" means a collateral assignment of architect and engineer contracts and plans substantially in the form attached as **Exhibit "E"**.

"City" means the City of Brea, a municipal corporation.

"City Council" means the City Council of the City of Brea, California.

"City Documents" means collectively, this Agreement, the City Loan Note, the Deed of Trust, the Affordable Housing Agreement, the Notice, the Assignment Agreement, and the Ground Lease.

"City Loan" is defined in Recital F and further described in Section 4.1.

“City Loan Note” means a secured promissory note substantially in the form attached as **Exhibit “C”**.

“City Manager” means the City Manager of the City of Brea or his or her designee.

“Closing,” “Closing Date” and **“Close of Escrow”** each shall mean the date that escrow closes for the City Loan and shall be the date upon which the term of the Ground Lease commences and the Memorandum of Lease is recorded.

“Commencement Date” means the date that the term of the Ground Lease commences, which shall be the Closing Date.

“Conditions of Approval” means all governmental conditions imposed on any governmental approvals or permits required for the Project.

“Construction Plans” is defined in Section 5.4.

“County” means the County of Orange.

“CTCAC” means the California Tax Credit Allocation Committee.

“Deed of Trust” means the deed of trust substantially in the form attached as Exhibit __ to be executed by Developer as trustor for the benefit of City and recorded against Developer’s leasehold interest in the Property to secure repayment of the City Loan.

“Developer” means Jamboree Housing Corporation and its successors and assigns.

“Developer Parties” means Developer and Developer’s agents, employees, consultants, contractors, and subcontractors, and any person acting on behalf of, or as the invitee of, any of the foregoing.

“Developer’s Permitted Exceptions” is defined in Section 3.1.

“Effective Date” is the date specified in the preamble to this Agreement.

“Environmental Laws” is defined in Section 6.3.2.

“Escrow Agent” is defined in Section 3.4.

“Ground Lease” is defined in Recital E , and the form of it is attached as **Exhibit “G”**.

“Hazardous Material” is defined in Section 6.3.1.

“Improvements” means the improvements to be developed on the Property pursuant to this Agreement and the Ground Lease.

“Lender’s Title Policy” is defined in Section 3.8(e).

“Loan Proceeds” means the proceeds of the City Loan.

“Memorandum of Lease” is defined in Section 3.8(d), and the form of it is attached as an Exhibit to the Ground Lease.

“Notice” means the Notice of Affordability Restrictions on Transfer of Property attached hereto as part of **Exhibit “F”**.

“Official Records” means the Official Records of Orange County.

“Owner’s Title Policy” is defined in Section 3.9(c).

“Project” is defined in Recital B and more particularly described in the form of Ground Lease.

“Property” is defined in Recital A and described in **Exhibit “A”**.

“Property Management Plan” is defined in Section 5.7

“Residential Marketing Plan” is defined in Section 5.8.

“Title Company” is defined in Section 3.4.

“Title Report” is defined in Section 3.1.

“Updated Financing Plan” is defined in Section 2.5.2.

Section 1.3 Exhibits. The following Exhibits are attached hereto and incorporated into this Agreement by this reference:

Exhibit "A" Legal Description of the Property

Exhibit "B" Pre-Closing Schedule

Exhibit "C" Form of City Loan Note

Exhibit "D" Form of Leasehold Deed of Trust (which includes the post-closing schedule and Memorandum of Lease)

Exhibit "E" Form of Assignment

Exhibit "F" Forms of Affordable Housing Agreement and Notice

Exhibit "G" Form of Ground Lease

Exhibit "H" Preliminary Financing Plan (Project Budget; Sources and Uses of Funds; Pro-forma/projected Operating Income/Expense Statement)

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE; PROJECT SCOPE; FINANCING PLAN

Section 2.1 Representations. Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 to be untrue, Developer shall promptly give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City. Developer represents, warrants, and covenants that the following are true and correct as of the execution of this Agreement, and shall be true and correct as of the Closing Date.

Section 2.2 Organization. Developer is a nonprofit corporation, duly organized and in good standing under the laws of the State of California.

2.2.1 Authority of Developer. Developer has full power and authority to execute and deliver this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

2.2.2 Authority of Persons Executing Documents. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

2.2.3 Valid and Binding Agreements. This Agreement, the other City Documents, and all other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of Developer, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

2.2.4 No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement, the other City Documents, or any other documents or instruments that have been or that will be executed and delivered by Developer pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

2.2.5 Pending Proceedings. Except as disclosed in writing to City prior to execution of this Agreement, Developer is not in default under or in violation of any law or regulation or under any order of any court, board, commission or agency whatsoever, and, to the best knowledge of the principals of Developer's general partners, there are no claims, actions, suits or proceedings pending or threatened against or affecting Developer, at law or in equity, before or by any court, board, commission or agency. Neither Developer nor any of its general partners are the subject of a bankruptcy or insolvency proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Developer's or any general partner's assets has been made

Section 2.3 Project Scope; Design and Development Standards. The contemplated Project is described in Recital D and more particularly described in the Ground Lease.

Section 2.4 Financing Plan; Project Schedule.

2.4.1 Preliminary Financing Plan. As set forth in the Preliminary Financing Plan attached hereto as Exhibit __, Developer has preliminarily proposed financing the Project with a combination of a conventional construction loan that will convert to a permanent loan upon completion of construction, equity contributions from federal low-income housing tax credit investors, the City Loan, and a Cal Optima Health Grant Award in the amount of \$ _____.

2.4.2 Updated Financing Plan. Developer shall submit for City Manager approval Developer's updated plans for construction and permanent financing of the Project (the "**Updated Financing Plan**") and such submission and approval shall be a condition to Closing. The Updated Financing Plan shall indicate all sources of funds necessary to pay, when due, the estimated costs of the Project, including the hard and soft construction costs, and shall be accompanied by evidence that all such funds are subject to binding commitments, from Developer, equity investors, and lenders, subject only to commercially reasonable conditions. The Updated Financing Plan shall include development and operating pro-formas which set out in detail Developer's plan for financing the costs of leasing the Property, and constructing and operating the Project. In addition, if applicable, the Updated Financing Plan shall be accompanied by an updated Project Schedule for approval by the City Manager in writing, and if approved, the post-closing construction schedule attached to the form of Ground Lease shall be revised accordingly.

2.4.3 City Review/Approval of Updated Financing Plan.

(a) City shall use good faith efforts to review the proposed Updated Financing Plan as soon as reasonably possible. If the City Manager does not approve the Updated Financing Plan, the City Manager shall set forth the objections in writing and notify Developer of the reasons for disapproval. If the City Manager disapproves the Updated Financing Plan, Developer shall submit revisions that address the reasons for disapproval.

(b) If Developer proposes to modify the Updated Financing Plan after it has been approved by the City Manager, Developer shall submit proposed modifications to the City Manager for review and approval. The same review and notice and amendment provisions set

forth in the preceding paragraph shall apply to the City Manager's review of proposed modifications.

2.4.4 Tax Credit Funds and Other Financing Sources; Timing.

(a) Developer will submit applications to CTCAC, and other funding sources in accordance with the pre-closing schedule attached hereto as **Exhibit "B"** in order to secure allocations of federal low-income housing tax credits, and if applicable, state tax credits, and other financing for the Project to enable construction to commence by the date that is 30 days after the Close of Escrow hereunder. Upon award of a preliminary reservation from CTCAC, Developer shall exercise diligent good faith efforts to obtain a funding commitment from a reputable equity investor. Developer's procurement of a CTCAC allocation and receipt of commitments from an equity investor, and the actual closing of loans from construction and permanent lenders sufficient to fully finance development of the Project are conditions precedent to the Closing (including City's obligation to lease the Property to Developer and provide the City Loan).

(b) The Closing must occur by the deadline in **Exhibit "B"**, and shall not be subject to delays for Force Majeure; however, the City Manager may approve extensions of such deadline provided that such extensions are in writing and do not cumulatively exceed one calendar year.

(c) If the Closing does not occur by the Closing deadline set forth in **Exhibit "B"**, either Developer or City shall have the right, by delivery of written notice to the other party, to terminate this Agreement, subject to any provisions and obligations herein which state that they survive termination.

ARTICLE III

LEASE OF THE PROPERTY; CONDITIONS PRECEDENT TO CLOSING

Section 3.1 Lease of Property; Review of Title. Developer acknowledges receipt of a preliminary title report for the Property (the "**Title Report**"). Provided that all conditions precedent to Closing set forth in this Agreement have been satisfied or waived, City shall lease to Developer, and Developer shall lease from City, the Property in accordance with and subject to the terms, covenants and conditions of this Agreement and the Ground Lease, subject to: (a) the provisions and effects of the City Documents; (b) applicable building and zoning laws and regulations; (c) any lien for current taxes and assessments or taxes and assessments accruing for periods subsequent to recordation of the Memorandum of Lease; (d) the exceptions shown on the Title Report; (e) liens and encumbrances created or permitted by Developer or Developer's affiliates, employees or agents; and (f) such other conditions, liens, encumbrances, restrictions, easements and exceptions as Developer may approve in writing, which approval shall not be unreasonably withheld. All of the foregoing are collectively hereinafter referred to as "**Developer's Permitted Exceptions.**"

Section 3.2 Supplemental Title Review. Developer may obtain from the Title Company an updated preliminary title report with hyperlinks to new title exception documents ("**Supplemental Report**"), and if Developer does so, Developer shall promptly deliver such Supplemental Report to City. Following delivery to Developer of the Supplemental Report, Developer shall have 10 business days to provide to City Developer's written objections to the Supplemental Report. If Developer fails to provide written objections within such period, Developer shall be deemed to have accepted the Supplemental Report and all new exceptions listed therein and the same shall be included in Developer's Permitted Exceptions. If Developer provides written notice of objections to new exceptions listed in the Supplemental Report, City shall have 10 business days to notify Developer of whether City will undertake to remove the exceptions to which Developer has objected. If City fails to respond, City shall be deemed to have elected not to cure any of the exceptions, and in such case, Developer may elect to proceed to Close of Escrow or may terminate this Agreement by written notice to City. Notwithstanding anything to the contrary in this Section: (a) Developer shall be deemed to have accepted any new exceptions that pertain to liens and encumbrances created or permitted by Developer or Developer's affiliates, employees or agents; and (b) City shall take action to remove any new monetary liens affecting title to the Property that are created or permitted by City.

Section 3.3 Ground Lease/Possession at Closing. On the Closing Date, City shall deliver possession of the Property to the Developer pursuant to the Ground Lease.

Section 3.4 Ground Lease/Prepayment of Rent. At the Closing, Developer shall pay the sum of \$55 to City as prepaid rent under the Ground Lease (through escrow or outside of escrow).

Section 3.5 Escrow. City and Developer shall open escrow at the office of [REDACTED] Title Company or such other title company as the Parties may agree upon ("Escrow Agent" or "Title Company") in order to consummate the lease of the Property to Developer and the closing of escrow.

Section 3.6 Costs of Closing and Escrow; Legal Fees. Developer shall pay all title insurance premiums for title policies Developer elects to purchase in connection with the lease of the Property and the financing of the Project, and Developer shall pay all recording fees, transfer taxes, escrow fees, and closing costs incurred in connection with the lease of the Property and the financing of the Project. Developer shall pay for the cost of the lender's policy of title insurance that must be issued to City insuring City's deed of trust which secures the City Loan. Property taxes and assessments shall be prorated as of the Closing Date. City and Developer shall provide Escrow Agent with a copy of this Agreement, which together with such supplemental instructions as City or Developer may provide and which are consistent with this Agreement or which are otherwise mutually agreed upon by City and Developer, shall serve as escrow instructions for the Close of Escrow.

Section 3.7 Closing Deadline. The Closing Date shall occur on or before the deadline set forth in **Exhibit "B"**, or if earlier, within 30 days following the satisfaction or waiver of all conditions precedent to the Close of Escrow as set forth in **Sections 3.8 and 3.9.**

Section 3.8 Closing Deliveries; Recording. Prior to the Close of Escrow, Developer shall deliver the executed City Loan Note and the Assignment to City, and shall deposit into escrow the City Documents to which Developer is a party, executed and acknowledged as applicable, Developer's share of closing costs, and funds in the amount required to pay all rent due under the Ground Lease (i.e., \$55), and all other costs and expenses payable by Developer pursuant to this Agreement and the City Documents. Provided that all conditions precedent to Close of Escrow have been satisfied or waived, City shall deposit into escrow executed copies of the City Documents to which City is a party. On the Closing Date, the Escrow Agent shall cause the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and then the Deed of Trust, in that order, without intervening recordings, to be recorded in the Official Records (it being understood that any subordination of the City's Deed of Trust must be evidenced by a reasonable, recorded subordination agreement approved and signed by the City Manager).

Section 3.9 City's Conditions to Closing. City's obligations to lease the Property to Developer and close the City Loan (i.e., the "Closing") are conditioned upon the satisfaction of the terms and conditions set forth in this Section 3.9, unless any such condition is waived in writing by the City Manager.

3.9.1 No Default. There shall exist no condition, event or act which would constitute a breach or default by Developer under this Agreement or any other City Document, or which, upon the giving of notice or the passage of time, or both, would constitute such a breach or default.

3.9.2 Representations. All representations and warranties of Developer contained herein or in any other City Document or certificate delivered in connection with the transactions contemplated by this Agreement shall be true and correct in all respects as of the Close of Escrow.

3.9.3 Due Authorization and Good Standing; Organizational Documents. Developer shall have delivered to City copies of all of the following, including updated versions of any of the following that have been amended or modified since the date of any prior delivery of such documents to City: (i) a good standing certificate and articles of incorporation, each certified by the Secretary of State, and (b) the Developer's bylaws/operating agreement, and resolutions authorizing Developer's execution of and performance under this Agreement and the other City Documents, each certified by an officer or other authorized party as accurate, complete, and in full force and effect.

3.9.4 Execution, Delivery and Recordation of Documents. Developer shall have executed, acknowledged as applicable, and delivered all documents required in connection with the contemplated transactions including the City Loan Note, the Deed of Trust, the Assignment, the Affordable Housing Agreement, the Notice, the Ground Lease, and a Memorandum of Lease substantially in the form attached as an exhibit to the Ground Lease ("Memorandum of Lease").

3.9.5 Lender's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an ALTA Lender's Policy of Title Insurance for the benefit and protection of City ("Lender's Title Policy") in the amount of the City Loan, insuring that the Deed of Trust is recorded against Developer's leasehold interest in the Property, subject only to title exceptions and such other defects, liens, conditions, encumbrances, restrictions, easements

and exceptions as City may approve in writing (collectively, “City’s Permitted Exceptions”) and containing such endorsements as City may reasonably require, with the cost of such Lender’s Title Policy to be paid by Developer.

3.9.6 Financing Plan. City shall have approved the Updated Financing Plan, including without limitation, the sources of construction and permanent financing, and the construction and operating budgets for the Project.

3.9.7 Commitment/Closing of all Other Loans and Equity Funds. All loans and commitments of equity for the construction of the Project shall have closed or shall close concurrently with the closing of the City Loan and the leasing of the Property (i.e., the delivery of Ground Lease and recording of Memorandum of Lease), and Developer shall have provided City with reasonable evidence of committed equity funds necessary for the Project.

3.9.8 Construction Contract, Plans. City shall have approved the final Construction Plans and specifications for the Project. Developer shall have delivered an executed copy of the construction contract for the Project to the City, which must be a GMAX contract consistent with the Updated Project Budget approved by the City.

3.9.9 Insurance; Payment and Performance Bonds. Developer shall have provided to City copies of payment bonds and performance bonds in form approved by City pursuant to Section 5.6.

3.9.10 Settlement Statement. City shall have approved the final settlement statement for the Close of Escrow;

3.9.11 Insurance. Developer shall have provided to City the evidence of the insurance required of Developer under the Ground Lease.

3.9.12 Marketing and Management Plans. If City has in its reasonable judgment deemed a Residential Marketing Plan and/or Property Management Plan to be necessary, the City Manager shall have approved in writing such plan or plans.

3.9.13 Other Documents. Developer’s delivery to City, and City approval of such other documents related to the development and financing of the Project as City may reasonably request.

3.9.14 Surplus Land Act. City’s determination that the Property is “exempt surplus land” shall have been confirmed by the California Department of Housing and Community Development.

Section 3.10 Developer’s Conditions to Closing. Developer’s obligation to proceed with the leasing of the Property is subject to the satisfaction or Developer’s waiver of the following conditions:

3.10.1 No Default. City shall not be in default under the terms of this Agreement, and all representations and warranties of City contained in this Agreement shall be true and correct;

3.10.2 Execution of Documents. City shall have executed and acknowledged the Memorandum of Lease, the Affordable Housing Agreement, the Notice, and all other City Documents to which the City is a party, and shall have delivered such documents into escrow; and

3.10.3 Owner's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an Owner's Title Insurance Policy for the benefit and protection of Developer ("**Owner's Title Policy**") showing a leasehold interest in the Property vested in Developer, subject only to Developer's Permitted Exceptions and containing such endorsements as Developer may reasonably require, with the cost of such Owner's Title Policy to be paid by Developer.

3.10.4 Financing Plan. Developer shall have approved the Updated Financing Plan, including without limitation, the sources of construction and permanent financing, and the construction and operating budgets for the Project.

3.10.5 Permits and Land Use Approvals. Developer shall have obtained all rezoning and other land use approvals and all permits (or permit ready letters) required to construct the Project (or with respect to permits, they are capable of being issued subject only to payment of fees that will be paid through escrow at the Close of Escrow).

ARTICLE IV

CITY LOAN

Section 4.1 City Loan. Upon satisfaction of the conditions precedent set forth in Sections 3.8 and 3.9, City agrees to provide to Developer a loan in the amount of \$_____ (the "**City Loan**") upon the terms and conditions and for the purposes set forth in this Agreement. Developer's obligation to repay the City Loan shall be evidenced by a secured promissory note executed by Developer substantially in the form attached hereto as Exhibit (the "**City Loan Note**"). Repayment of the City Loan Note shall be secured by the Deed of Trust and the Assignment.

Section 4.2 Loan Terms.

4.2.1 Disbursements; Use of Proceeds. [TBD]

4.2.2 Determination of Interest Rate. The principal balance of the City Loan outstanding from time to time will bear interest at a rate to be determined by City based upon Project feasibility and ability to meet the "true debt" test, but which shall not be more than 3% simple annual interest, except during such periods that the default rate of interest specified in the City Loan Note applies. If Developer requests a reduction in interest rate to less than 3% simple annual interest, Developer shall be required to demonstrate to City's reasonable satisfaction that: (i) such lower interest rate is necessary to achieve Project feasibility or satisfy the "true debt" test; (ii) Developer has engaged in good faith negotiations with other public agency lenders and has obtained interest rate concessions from such lenders comparable in scope to the requested reduction in the interest rate for the City Loan Note; and (iii) no loan provided by any sponsor or

general partner of Developer will bear interest at a rate higher than the rate requested for the City Loan Note.

4.2.3 Other Terms of City Loan. The other terms of the City Loan are set forth in the City Loan Note (and the Deed of Trust and Assignment).

Section 4.3 Security; Subordination Agreements. Repayment of the City Loan Note shall be secured by the Deed of Trust which shall be executed by Developer for the benefit of City substantially in the form attached hereto as Exhibit and recorded against Developer's leasehold interest in the Property at the Close of Escrow, and the Assignment which shall be executed by Developer substantially in the form attached hereto as Exhibit and delivered directly to City as a condition to Closing. The City Manager may execute and deliver reasonable recordable subordination agreements (with respect to the City Deed of Trust) required by other secured lenders described in the City approved final Financing Plan as a condition to their loans.

Section 4.4 No Obligation to Close Escrow After Default. Notwithstanding any other provision of this Agreement, City shall have no obligation to authorize the Close of Escrow or the disbursement of Loan Proceeds following: (i) the failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement to be true and correct in all respects; (ii) the termination of this Agreement; or (iii) the occurrence of a default under any City Document which remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute a default under any City Document.

ARTICLE V

DEVELOPMENT AND USE OF THE PROPERTY

Section 5.1 Development Schedule; Development/Construction. The terms of the Ground Lease shall govern the Developer's post-Closing construction of the Project. The schedule for construction of the Project is set forth as an exhibit to the Ground Lease.

Section 5.2 Costs of Leasing and Construction. Subject to the City Loan, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the construction and development of the Project, the acquisition of its ground leasehold interest and space leasing of the Property, including appraisal fees, title reports, and environmental assessments, and compliance with the Conditions of Approval, including all off-site and on-site improvements required by City. All such costs shall be borne solely by Developer and shall not be an obligation of the City.

Section 5.3 Permits and Approvals; Payment of Fees. Developer acknowledges that the execution of this Agreement by City does not constitute City approval for the purpose of the issuance of building permits, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and to obtain from City and all other agencies with jurisdiction over the Property, all necessary approvals, entitlements, and permits for the construction of the Project (including without limitation the approval of

architectural plans, the issuance of any certificates regarding historic resources required in connection with the development of the Property (if any), and the approval of the Project in compliance with CEQA if applicable, and if applicable, NEPA), nor does it limit in any manner the discretion of City or any other agency in the approval process. Prior to the Close of Escrow, Developer shall have obtained all entitlements, permits, licenses and approvals required for the construction of the Project, including fire department permits, building permits, and use permits or shall provide evidence satisfactory to City that receipt of such permits and approvals is subject only to such conditions as City may approve. Developer shall pay when due all customary and usual fees and charges in connection with the processing of all applicable permits and approvals, but in any event all such fees and charges must be paid as a condition to the Closing (though they may be paid through escrow upon the Closing). Developer shall not commence construction work on the Project prior to issuance of building permits required for such work.

Section 5.4 Construction Plans. Developer shall submit to City's Building Department a complete Building Permit Application, including detailed construction plans for the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including landscaping, parking, and common areas) and shall include the on-site development plan, the construction management plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, building plans and specifications, plans for all off-site improvements necessary to develop and operate the Project as required by the Conditions of Approval, including utilities, curbs, gutters, sidewalks, and driveways along the Project frontages, and all items City requires to be submitted in connection with applications for building permits. The Construction Plans shall be based upon the scope of development and development standards set forth in the Ground Lease and upon the approvals issued by City for the Project, and shall not materially deviate therefrom without the express written consent of City.

Section 5.5 Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction work on the Property, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

Section 5.6 Performance and Payment Bonds. Prior to Closing, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than 100% of the scheduled cost of construction of the Project. The City may require separate payment and performance bonds to ensure completion of any public improvements required pursuant to the Conditions of Approval. All bonds shall name City as co-obligee.

Section 5.7 City Approval of Residential Marketing Plan. If City reasonably deems it necessary, Developer shall submit to City Manager for review and approval an initial residential marketing plan, in a form acceptable to City and consistent with the provisions of the Affordable Housing Covenant (the "**Residential Marketing Plan**"). The City Manager's approval shall not be unreasonably withheld, conditioned or delayed. If the City Manager disapproves the Residential Marketing Plan, the City Manager shall do so by written notice to Developer stating the reasons

for such disapproval. The City Manager shall have the right to approve or disapprove any newly submitted Residential Marketing Plan.

Section 5.8 City Approval of Property Management Plan.

5.8.1 Within the time established in the Schedule of Performance, Developer shall submit to the City Manager for review and approval an initial property management plan that provides for management of the Property, including maintenance, inspection, and repair of the Improvements and landscaping on the Property ("**Property Management Plan**"). The City Manager's approval shall not be unreasonably withheld, conditioned, or delayed. If the City Manager disapproves the Property Management Plan, the City Manager shall do so by written notice to Developer stating the reasons for such disapproval. The City Manager shall approve or disapprove any newly submitted Property Management Plan.

5.8.2 Developer's Property Manager Plan shall include, and Developer shall take all reasonable and lawful measures to establish and maintain, a preference placement program for individuals and families temporarily residing at North Service Planning Area Homeless Collaborative Navigation Centers.

ARTICLE VI

CONDITION OF THE SITE; ENVIRONMENTAL MATTERS

Section 6.1 Access to Site; Inspections. Prior to the Close of Escrow, Developer Parties may enter upon and conduct reviews and assessments of the physical and environmental condition of the Property and the condition of the existing improvements, and perform an ALTA survey. Developer shall provide City with the names of such authorized representatives, and proof of liability insurance acceptable to City, naming City as additional insured, prior to any such entry. Developer's inspection, examination, survey and review of the Property shall be at its sole expense. Developer shall provide City, without representation or warranty, copies of all reports and test results promptly following completion of such reports and testing. Twenty-four hours in advance of its intention to enter the Property, Developer shall notify City and provide workplans, drawings, and descriptions of any intrusive sampling it intends to do. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense. Developer will not permit any mechanics liens, stop notices, or other liens or encumbrances to be placed against the Property prior to Close of Escrow. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel approved by City) and hold City and its councilmembers, officers, and employees harmless from and against all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, judicial or administrative proceedings, penalties, deficiencies, fines, orders, and damages resulting from or arising in connection with entry upon the Property pursuant to this Section 6.1 except to the extent arising from the gross negligence or willful misconduct of the indemnitees. Developer's indemnification obligations set forth in this Section 6.1 shall not apply to Claims relating to the diminution in value of the Property solely resulting from Developer's mere discovery of Hazardous Materials or other conditions of the

Property that existed prior to Developer's entry onto the Property, provided that no such condition is exacerbated due to the activities of any Developer Parties. Developer's indemnification obligations set forth in this Section 6.1 shall survive the Close of Escrow and the termination of this Agreement and shall be subject to the provisions of Section 10.2.

Section 6.2 No Limitation. Developer acknowledges that Developer's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information City may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Material, whether the City obtained such information from the Developer or from its own investigations.

Section 6.3 Definitions.

6.3.1 **"Hazardous Material"** means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", infectious waste", toxic substance", toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term "hazardous material" shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

6.3.2 **"Environmental Laws"** means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Material, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

ARTICLE VII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

Section 7.1 Identity of Developer; Changes Only Pursuant to this Agreement.

Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to City. It is because of these qualifications, experience, financial capacity and expertise that City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

Section 7.2 Effect of Transfer without City Consent.

7.2.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve Developer or any other party from any obligation under this Agreement.

7.2.2 It shall be an Event of Developer Default hereunder entitling City to pursue remedies including without limitation, termination of this Agreement if Developer violates this Article 7.

Section 7.3 Recovery of City Costs. Within 10 days following City's delivery to Developer of an invoice detailing such costs, Developer shall reimburse City for all reasonable City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments, transferee/assignee organizational documents and other legal documents proposed to effect a Transfer of this Agreement.

ARTICLE VIII

SECURITY FINANCING AND SUBORDINATION OF CITY DEED OF TRUST

Section 8.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Improvements and Developer's leasehold interest in the Property only for the purpose of securing loans for the purpose of financing the design and construction of the Improvements, and other expenditures reasonably necessary for the development of the Project pursuant to this Agreement. No such instruments shall be recorded against City's fee interest in the Property. Developer shall not enter into any conveyance for such financing that is not contemplated in the applicable Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager. As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction or land development.

Section 8.2 Subordination. The City agrees that City will not withhold consent to reasonable requests for subordination of the City's Deed of Trust to deeds of trust provided for the benefit of lenders providing construction and/or permanent financing for the Project that are identified in the approved final Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections for City in the event of default, including the provisions set forth in this Section. The Deed of Trust may only be subordinated to deeds of trust recorded to secure repayment of financing provided by state or federally chartered financial institutions, public agencies, and nonprofit corporations or other entities that are unaffiliated with Developer or any of its partners or their affiliated entities. Any subordination agreement must provide the following: (i) City shall be provided with a copy of any notice of default concurrently with the lender's provision of such notice to Developer; (ii) City shall have the right to cure any default of Developer; (iii) City shall be provided a 60 day or longer period to cure any default; (iv) the subordination will be effective only during the original term of the senior loan and any extension of the term approved by City in writing; (v) absent City's prior written consent, the senior loan documents will not be amended to increase the amount, extend the maturity date, increase the interest rate, or increase the payment amounts due under the senior loan documents; (vi) the subordination shall not limit the effect of the Deed of Trust prior to a senior lender's foreclosure, nor require City to obtain the senior lender's consent prior to City's exercise of remedies under the City Loan Note or the Ground Lease (but the Ground Lease shall have reasonable mortgagability provisions, including lender cure rights).

Section 8.3 Holder Not Obligated to Construct. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated to complete construction of the Project (except that if such holder succeeds to the lessee's interest under the Ground Lease, the failure to timely cure a default under the terms of the Ground Lease relating to construction of the Project shall entitle City, as landlord, to terminate the Ground Lease), or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Section 8.4 Modifications to Ground Lease. City shall not unreasonably withhold its consent to modifications of the Ground Lease form requested by Project lenders or investors provided such modifications do not adversely affect City's substantive rights or increase City's obligations under this Agreement or the form of Ground Lease attached hereto.

Section 8.5 Estoppel Certificates. Either Party shall, at any time, and from time to time, within 15 days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case); (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments; and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

Section 9.1 **Event of Developer Default.** The following events shall constitute an event of default on the part of Developer hereunder ("**Developer Event of Default**"):

9.1.1 A Transfer occurs, either voluntarily or involuntarily, in violation of Article VII;

9.1.2 Developer breaches any obligation of Developer herein, and fails to cure such obligation within 30 days after written notice from City.

9.1.3 Developer fails to timely close the transaction described in this Agreement for any reason other than a default by City;

9.1.4 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to City in connection with this Agreement proves to have been incorrect in any material respect;

9.1.5 If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Developer or any general partner thereof: (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

9.1.6 A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer, in each case if such decree, order, petition, or appointment is not removed or rescinded within 60 days;

9.1.7 Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within 60 days after such event (unless a lesser time period is permitted for cure pursuant this Section above or pursuant to any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

9.1.8 Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated.

Section 9.2 City Default. An event of default on the part of City (“**City Event of Default**”) shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of 60 days after written notice thereof from Developer to City.

Section 9.3 City’s Right to Terminate Agreement. If a Developer Event of Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

Section 9.4 City’s Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of a Developer Event Default, City shall have all remedies available to it under this Agreement or under law or equity.

Section 9.5 Developer’s Remedies Upon a City Event of Default. Upon the occurrence of a City Event of Default, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions. Developer covenants not to sue for damages, or claim any damages, for any City Event of Default.

Section 9.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated 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 shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding any contrary provision of this Agreement, a Party’s right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

Section 9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

Section 9.8 Construction Plans. If this Agreement is terminated by mutual agreement of the Parties or by City as a result of a Developer Event of Default, pursuant to, and in accordance with the Assignment Agreement securing the Predevelopment Loan, Developer, at no cost to City, shall deliver to the City copies of all construction plans and studies in Developer’s possession or in the possession of the Developer’s consultants related to development of the Project on the Property, including without limitation, the Construction Plans.

ARTICLE X

INDEMNITY AND INSURANCE

Section 10.1 Indemnity. To the greatest extent allowed by law, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims (including without limitation, Claims arising from any injury, death, illness, property damage, or loss of property) arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's performance or failure to perform under this Agreement, including without limitation, Claims arising or alleged to have arisen in connection with any violation of Applicable Laws or approval of this Agreement. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of Indemnitees. Developer's obligations under this Section 10.1 shall survive the expiration or earlier termination of this Agreement and are subject to the provisions of Section 10.2.

Section 10.2 Terms Applicable to Indemnity Provisions. The terms set forth in this Section 10.2 shall apply to all provisions of this Agreement that pertain to Developer's obligations to indemnify City and the other Indemnitees, including without limitation, Sections 5.11, 5.14, 5.15, 6.1, 6.7, 10.1, 10.2, and 11.1. In connection with each such provision, all of the following shall apply:

10.2.1 City does not and shall not waive any rights against Developer that it may have by reason of any indemnity and hold harmless provision set forth in this Agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2.2 Developer's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following: (i) any amendment or modification of any City Document; (ii) any extensions of time for performance required by any City Document; (iii) any provision in any of the City Documents limiting City's recourse to property securing the City Loan, or limiting the personal liability of Developer, or any other party for payment of all or any part of the City Loan; (iv) the accuracy or inaccuracy of any representation and warranty made by Developer under this Agreement or by Developer or any other party under any City Document; (v) the release of Developer or any other person, by City or by operation of law, from performance of any obligation under any City Document; (vi) the release or substitution in whole or in part of any security for repayment of the City Loan; and (vii) City's failure to properly perfect any lien or security interest given as security for repayment of the City Loan.

10.2.3 The obligation of Developer to indemnify the Indemnitees shall survive any repayment or discharge of the indebtedness evidenced by the City Loan Note, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, any release of record of the lien of the Deed of Trust, and the expiration or earlier termination of this Agreement and the Ground Lease.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the close of escrow and the expiration or earlier termination of this Agreement.

Section 11.2 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

If to City: City of Brea
1 Civic Center Circle
Brea, CA 92821
ATTN: City Manager

If to Developer:

Section 11.3 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder.

Section 11.4 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 11.5 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VII, this Agreement shall bind and inure to the benefit of the Parties and their respective

permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

Section 11.6 Survival. All representations made by Developer hereunder, Developer's indemnity and defense obligations hereunder, and all other provisions that expressly so state, shall survive the expiration or termination of this Agreement.

Section 11.7 Interpretation; Statutory References. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it. All references in the City Documents to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Brea shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject. Unless otherwise indicated, references to "Section ___" shall refer to provisions of this Agreement. The terms "include," "includes" and "including" are non-exhaustive. The term "shall" is mandatory and the term "may" is permissive.

Section 11.8 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

Section 11.9 City Attorney Authority. Prior to execution by City, without further review and approval by the City Council, the City Attorney may make non-monetary revisions to the City Documents as necessary or appropriate to protect City's interests and facilitate the contemplated transactions. For purpose of this Section, "non-monetary" means a revision that does not have a financial impact on City.

Section 11.10 Entire Agreement. This Agreement, including Exhibits A through ___ attached hereto and incorporated herein by this reference, together with the other City Documents, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof. If the Exhibits to this Agreement are inconsistent with this Agreement, the more restrictive requirements shall control, as determined by the City Manager. In the event of a conflict between this Agreement and the other City Documents, the more restrictive requirements shall control, as determined by the City Manager.

Section 11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

Section 11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

Section 11.13 No Third-Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

Section 11.14 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Developer and City is and shall remain solely that of a debtor and a creditor (or landlord and tenant, under the Ground Lease), and shall not be construed as a joint venture, equity venture, partnership or any other relationship. City neither undertakes nor assumes any responsibility or duty to Developer (except as expressly provided in this Agreement) or to any third party with respect to the Project or the City financing described herein. Developer and its employees are not employees of City but rather are, and shall always be, considered independent contractors. Furthermore, Developer and its employees shall at no time hold themselves out as employees or agents of City. Developer shall not have any authority to act as an agent of City or to bind City to any obligation.

Section 11.15 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of the State of California.

Section 11.16 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Orange County, California or in the Federal District Court for the Southern District of California.

Section 11.17 Political Activity. None of the funds, materials, property or services contributed by City to Developer under this Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

Section 11.18 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to the Developer in the event of any default or breach by the City or for any amount which may become due to the Developer or its successor or on any obligation under the terms of this Agreement.

Section 11.19 Conflict of Interest.

11.19.1 Except for approved eligible administrative or personnel costs, no person described in subsection (b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Developer shall exercise due diligence to ensure that the prohibition in this Section is followed.

11.19.2 In accordance with Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.), no person who is a director, officer, partner, trustee or employee or consultant of Developer, or immediate family member of any of the preceding, shall make or participate in a decision, made by City or a City board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or the Developer.

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

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

DEVELOPER:

JAMBOREE HOUSING CORPORATION,
a California nonprofit corporation

By: _____
NAME, TITLE

By: _____
NAME, TITLE

APPROVED AS TO FORM:

Terence Boga, City Attorney

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY
(Attached)

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EXHIBIT B

**PRE-CLOSING SCHEDULE
(INCLUDING CLOSING DEADLINE)**

Opening Escrow	120 days after effective date of lease agreement/DDLA
Delivery of Property Management Plan and Residential Marketing & Leasing Plan	120 days after execution of DDLA
Execution and Delivery OF Construction Contract, and delivery to City of all other Developer deliverables required as a condition to Closing	120 days after effective date of lease agreement/DDLA
Evidence of Financing	Developer shall use its best efforts to obtain, by the earliest reasonable date, financing for the Project and shall apply for federal Tax Credits with the California Tax Credit Allocation Committee ("CTCAC") in successive rounds through and including: <div style="background-color: #cccccc; height: 15px; width: 100%; margin-top: 5px;"></div>
Entitlements/Permits	Prior to Closing (fees may be paid through escrow at Closing)
Closing Deadline	TBD

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EXHIBIT C
FORM OF CITY PROMISSORY NOTE

(Attached)

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SECURED PROMISSORY NOTE

(City Loan)

_____, 2024

\$_____.00

Brea, California

FOR VALUE RECEIVED, JAMBOREE HOUSING CORPORATION, a California nonprofit corporation (the "Maker"), having an address of _____, promises to pay the CITY OF BREA, or order ("Holder"), the initial principal sum of _____ THOUSAND AND NO/100 DOLLARS (\$_____,000.00), which has already been disbursed to Maker, with simple interest at the rate of **[Three Percent (3%)]** per annum on all principal from and after the date it is disbursed. [As of the date of this Note, the outstanding principal balance hereof is \$_____.00.]

1. **DDLA; Construction Loan; Disbursements of Principal.**

a. This Note is made pursuant to Section 4.1 of that Disposition, Development and Loan Agreement dated as of _____, 2024 (the "DDLA") between Holder and Maker. All capitalized terms not otherwise defined herein shall have the meaning set forth in the DDLA.

b. Disbursements of the principal of this Note shall be made in accordance with and subject to Section __ of the DDLA.

c. Pursuant to the DDLA, Maker and Holder have entered into a ground lease ("Ground Lease") under which Maker has acquired a ground leasehold that certain real property defined in the DDLA as the "Site", and will construct on the Site a multi-family residential project (the "Project") consisting of _____ residential units (the "Units"), as described in the Ground Lease.

2. **Security for Note.**

The obligations of Maker under this Note to pay principal and interest are secured by a leasehold deed of trust, assignment of rents, security agreement and fixture filing (the "Deed of Trust") from Maker to Holder encumbering Maker's interest under the Ground Lease and, among other things, Maker's interest in the improvements and fixtures now existing or hereafter constructed upon the Site. Payment of this Note is also secured by an Assignment of Architects/Engineers Agreements and Plans and Specifications, with Consents executed by Maker in favor of Holder ("Assignment").

3. **Payments; Mandatory Prepayment; Maturity Date.**

a. Payment shall be made in lawful money of the United States to Holder at 1 Civic Center Circle, Brea, CA 92821, Attention: City Manager. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

b. Within 10 business days after Maker's limited partner pays its capital contribution following issuance of the IRS Form 8609 for the Project, Maker shall pay to Holder as a prepayment and reduction of the outstanding principal balance of this Note, a one-time payment in the amount of 50% of the Excess Proceeds; [provided, however, that if other public agency construction lenders require payment of Excess Proceeds, then Excess Proceeds shall be payable to Holder and such other public agencies pro rata in proportion to their initial maximum loan amounts for the Project.

c. As used in the preceding paragraph, the term "Excess Proceeds" shall mean the sum of all sources of funding received by Maker to finance the operation of the Property or the construction of the Project, less the sum of actual uses of such funding for the Project, as shown by reasonable evidence delivered to Holder. For the purpose of calculating Excess Proceeds, Project sources of funding shall include any net rental income received prior to the date that the Project's conventional construction loan (excluding the City Loan) converts to a permanent loan, and any deferred developer fee, and shall take into consideration any reduction or increase in equity contributions by the limited partner.

d. Additionally, periodic payments of interest and principal shall be made to Holder from "Holder's Pro-Rata Share" of "Surplus Cash", defined in Section 4 below, except as otherwise provided in the last two paragraphs of Section 4 below with respect to "Excess Proceeds".

e. To the extent there is Surplus Cash available from the Project, Maker shall pay to Holder, on an annual basis, payments of Holder's Pro-Rata Share of all such Surplus Cash (as defined below). The first payment under this Note shall be due on the first May 1 after the earlier of: (i) six months after the issuance of a certificate of occupancy for any portion of the Project; or (ii) closing of permanent financing for the Project as determined in good faith by Holder. Each subsequent payment shall be due on May 1 of each calendar year thereafter.

f. Any unpaid principal amount owing from year to year shall continue to accrue interest. All payments made hereunder shall be credited first to any accrued but unpaid interest, then to current interest due and owing and lastly to principal. Interest not paid current shall accrue and shall not be compounded.

g. Notwithstanding the foregoing, the entire outstanding balance of principal and interest owing under this Note shall be due and payable on the date that is 55 years from the date hereof.

4. Definitions of Holder's Pro-Rata Share; Surplus Cash; and Excess Refinancing Proceeds.

a. The term "Holder's Pro-Rata Share" shall mean [] percent ([] %).

[This percentage is fifty percent (50%), divided by (ii) a fraction, the numerator of which is the maximum principal amount of the loan evidenced by this Note, and the denominator of which is the sum of the maximum principal amounts of all loans to Maker by governmental entities that are secured by Maker's interest in the Project and which are construction loans

for the Project, and on which are to be made payments from a percentage of “Surplus Cash” (calculated the same way as the percentage payable to Holder)].

b. The term “Surplus Cash” shall mean the sum of money computed on a 12 month basis based on the Maker’s fiscal year (which is [REDACTED]) as follows:

All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any Excess Refinancing Proceeds (hereinafter defined) derived from any refinancing of the Project but excluding initial loan proceeds, insurance proceeds and partner capital contributions and also excluding all of the following: (i) all customary and reasonable costs and expenses in connection with the operation and maintenance of the Project; (ii) a reasonable, fair market property management fee, as approved by Holder; (iii) principal and interest paid by Maker on account of any loan(s) or other obligations approved by Holder (but not payments based on Surplus Cash, residual receipts, net cash flow or similar payments on loans); (iv) amounts (previously approved by Holder) expended to restore the Project after a casualty loss or condemnation; (v) reasonable and customary cost for accounting and auditing the books and records of the Project; (vi) an administrative or asset management fee charged by a tax credit investment partner (“Investor Asset Management Fee”) not to exceed \$ [REDACTED] adjusted annually by up to 3%; (vii) any deferred developer fee (where such deferred developer fee was previously approved by Holder); (viii) a management fee (“Partnership Management Fee”) not to exceed the lesser of (i) \$ [REDACTED] (which amount may be adjusted annually by 3%, beginning on the first anniversary date of this Note and on each anniversary thereafter) or (ii) a fair market partnership management fee (as determined in good faith by Holder); such Partnership Management Fee is paid to the general partner for performing its general partnership duties, including but not limited to reviewing the monthly operating budget; overseeing the performance of the property manager; meetings, coordination and conflict resolution with the adjacent property owner; review and approval of the annual operating budget; prepare, review and approval of annual partnership reports; review and approval of tax returns; coordination with the investor limited partner; and resolution of miscellaneous issues normally associated with the ownership and operation of multi-family housing; (ix) reasonable salary and benefit costs (reasonably approved by Holder) to match the part-time social services staff position accounted for in the annual operating budget, in order to provide a staff position to serve the residents and tenants of the Project; and (x) amounts (previously approved by Holder) reserved by Maker as an operating contingency reserve account and a replacement reserve account (and deposited in an account approved by Holder) and other reserves required by the tax credit investment partner or other senior financing secured for the Project, or included in the annual operating budget approved by Holder.

c. The following shall not be deductions in the calculation of Surplus Cash, and will be payable from Maker's share of residual receipts: (i) any incentive management fee, (ii) any amount in excess of the permitted partnership management fee and asset management fee, including any unpaid and accrued portion of such fees, (iii) developer fees and interest on any deferred developer fee, (iv) contributions to reserve accounts in excess of the amounts specified above, (v) expenses paid with withdrawals from reserve accounts, (vi) distributions to partners, (vii) debt service or repayment of sponsor or general partner construction loans, and (viii) depreciation, amortization, depletion, and other non-cash expenses.

d. The term "Excess Refinancing Proceeds" used in the definition of Surplus Cash above shall mean refinancing proceeds less (a) the amount of the repayment of the refinanced debt, (b) all reasonable out-of-pocket costs and expenses paid by Maker to third parties in obtaining such refinancing, (c) all costs and expenses paid by Maker for all capital improvements to the completed Project completed by Maker in accordance with the terms of the loan documents or consented to in writing by Holder for which Maker's funds and not loan or grant funds are used (and for purposes of this clause (c), such costs may include, without limitation, reasonable architects' and engineers' fees and other reasonable "soft" costs relating to the making of such permitted capital improvements), and (d) the amount by which Maker increases its reserves for the Project as a condition imposed by the refinancing lender.

5. Reporting; Annual Statements; Annual Budget; Audit Rights.

a. Maker shall deliver annual income/expense statements showing all revenues and expenses of the Project, on a line item basis. An audited income statement shall be delivered within ninety (90) days of the end of each calendar year along with payment of the Surplus Cash. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of Surplus Cash. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Surplus Cash, an independent auditor selected by Holder and reasonably approved by Maker shall resolve any disputed items, and Maker shall specify in writing all reasons for any disapproval, and shall not unreasonably delay its response to a request from Maker for approval. The cost of the auditor shall be shared equally by Maker and Holder.

b. Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project for the following calendar year by no later than November 1 of each year until this Note is paid in full. The proposed budget shall include a line item showing the projected Surplus Cash from the Project for the year. Holder will review the proposed budget and, if acceptable, approve it in writing, which approval shall not be unreasonably withheld. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this paragraph is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Surplus Cash from the Project. Once approved, any changes to any budget line item relating to discretionary items which exceed 10% of the line item shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

6. **Holder Rights to Accelerate Maturity Date.**

Notwithstanding anything to the contrary provided herein, Holder may elect that the entire unpaid principal of this Note and accrued interest thereon shall be due and payable if: (i) an Event of Default (as defined in the Ground Lease) by the tenant occurs under the Ground Lease; or (ii) Maker or any successor-in-interest or assignee is in default under this Note, or the Deed of Trust securing this Note, or under the Affordable Housing Covenant, and such default is not cured within five business days after written notice from Holder to Maker in the case of a monetary default, or 30 days after written notice from Holder to Maker in the case of a non-monetary default (provided that if Maker promptly commences the cure of a non-monetary default, then Maker shall not be in default so long as Maker diligently prosecutes it to completion).

7. **Limited Partner Cure Rights.**

Holder shall also deliver a copy of all default notices under this Note to Maker's limited partner _____ at _____. Any partner of Maker shall have the right to cure any default within the applicable cure periods set forth above, whether in its own capacity or on behalf of Maker, and Holder shall accept such cure as if tendered by Maker. However, failure by Holder to deliver such notice to Maker's limited partner shall not be a default by Holder.

8. **Maker Covenants to Comply with Affordable Housing Covenant and Ground Lease.**

Maker hereby covenants and agrees that it shall comply with the Ground Lease and the Affordable Housing Covenant, including the provisions of the ground lease relating to maintenance and repair of the Project, subject to any applicable notice of default and any applicable cure period thereunder.

9. **No Waiver by Holder; Remedies Cumulative.**

Holder's failure or delay in the exercise of any right or remedy hereunder or under any the Deed of Trust, Assignment, Ground Lease or Affordable Housing Agreement shall not waive or otherwise affect any right or remedy, and all remedies shall be cumulative to the extent permitted by law.

10. **Default Interest Rate.**

At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of: (i) the highest rate then allowed by law or (ii) two percent over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

11. **Borrower Waivers.**

Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of

protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

12. **Holder Costs, Expenses.**

a. Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after a default hereunder or under the Deed of Trust, the Assignment, the Ground Lease, or the Affordable Housing Agreement, Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, Assignment, the Ground Lease or other loan document, or (iii) if Holder seeks to have the Site abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

b. If Holder shall be made a party to or shall intervene in good faith in any action or proceeding, whether in court or before any governmental City, affecting the property or the title thereto or the interest of the Holder under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, Holder shall be reimbursed by Maker immediately upon demand for all costs, charges and attorneys' fees incurred by Holder in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Site.

13. **Notices.**

Any notices provided for in this Note shall be given in accordance with the notices provision of the Ground Lease.

14. **Applicable Law.**

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

15. **Severability.**

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

16. **Nonrecourse.**

Except for any misrepresentation or willful misconduct by Maker or its members, officers, partners or employees, this Note is nonrecourse, and neither Maker nor any member, officer, partner or employee of Maker shall have any personal liability for repayment of the sums evidenced hereby.

MAKER:

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EXHIBIT D
FORM OF DEED OF TRUST
(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821
Attn: City Clerk

This document is exempt from recording fees pursuant
to Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF
RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

(CITY LOAN)

This LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING, together with the Addendum to Leasehold Deed of Trust attached hereto as Exhibit "B" and made a part hereof (the "**Leasehold Deed of Trust**"), is dated as of [REDACTED], and is executed and delivered by Jamboree Housing Corporation, a California nonprofit corporation, whose address is [REDACTED] ("**Trustor**"), to and in favor of the CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Trustee**") and for the benefit of CITY OF BREA, whose address is 1 Civic Center Circle, Brea, CA 92821 ("**Beneficiary**").

Trustor, as tenant, and Beneficiary, as landlord, have entered into a Ground Lease dated substantially concurrently herewith (including any future amendments, the "**Ground Lease**") evidenced by a Memorandum of Ground Lease recorded in the Official Records of Orange County, California, substantially concurrently herewith, under which Trustor has acquired a leasehold estate in real property on which Trustor is constructing a low income affordable housing development. The loan from Beneficiary to Trustor secured by this Deed of Trust is a construction and development loan (which in effect becomes a long term permanent loan upon completion of the improvements). Other lenders may obtain security interests (by virtue of leasehold deeds of trust) in the Trustor's interest under the Ground Lease, and this Deed of Trust may be subordinated to one or more of such other deeds of trust by virtue of recorded subordination agreements executed by Beneficiary and such other lender(s).

Trustor irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under the Ground Lease, following property (collectively, the "**Property**"): (a) the land in Orange County, California described on Exhibit "A" attached hereto, together with all existing and future easements and rights affording access to it (the "**Land**"), (b) together with all buildings, structures and improvements now existing or hereafter constructed thereon (the "**Improvements**"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods

and other property, including such personal property that is, or at any time becomes, so related to or installed on or attached to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "**Fixture**," collectively "**Fixtures**"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. **Secured Obligations.** Trustor makes the grant, conveyance, transfer and assignment herein for the purpose of securing the following obligations (the "Secured Obligations"): (a) payment of the sum of \$ [REDACTED], which is evidenced by a promissory note (the "Note") of substantially even date herewith in such amount, executed by Trustor in favor of Beneficiary or order and any extension or other modifications thereof; (b) payment of such further sums as the then record owner of the Property may borrow from Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Leasehold Deed of Trust; and (c) performance by Trustor of the terms of this Leasehold Deed of Trust.

2. **Maintenance and Repair.** Trustor shall maintain and repair the Property in accordance with the terms of the Ground Lease.

3. **Insurance.** Trustor shall maintain the insurance required by Ground Lease.

4. **Defense of Security.** Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Leasehold Deed of Trust.

5. **Payment of Taxes and Liens.** Trustor shall pay all property taxes (including possessory interest taxes) and assessments affecting the Property in accordance with the Ground Lease. Trustor shall pay, when due, all encumbrances, charges and liens, with interest, on the Property, which are or appear to be prior or superior to this Leasehold Deed of Trust, and upon demand all costs, fees and expenses of this Leasehold Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Leasehold Deed of Trust, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Leasehold Deed of Trust: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Leasehold Deed of Trust; and (d) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. **Reimbursement of Costs.** Trustor shall pay upon demand all sums expended by Beneficiary or Trustee provided for in this Leasehold Deed of Trust or allowed by law, with interest from date of expenditure at the default interest rate provided in the Note.

7. **No Waiver.** By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. **Reconveyance.** That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Leasehold Deed of Trust and said note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. **Assignment of Rents.** Trustor hereby absolutely and unconditionally assigns to Beneficiary all of the rents, issues, profits, royalties, revenues, income and other benefits (collectively, the "Rents") derived from the Property, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary, either directly or through a receiver, the right, power and authority, but not the obligation, to collect the Rents, and to sue, either in the name of Trustor or Beneficiary, for all such Rents and to apply the same to the indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion. This assignment of Rents is intended to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor's right, title and interest in the Rents, the foregoing, so long as no default exists by Trustor in the payment of any indebtedness secured hereby, or in any other covenant contained herein, or in said note or notes or in any other document evidencing or securing such indebtedness, Trustor shall have the right to collect all Rents from the Property and to retain, use and enjoy the same. Upon the occurrence of such a default, without the necessity of demand or other notice to Trustor or any other act to enforce Beneficiary's interest pursuant to this assignment, Trustor shall have no interest whatsoever in the Rents that are received by Trustor after a default, and all such Rents shall be received and held by Trustor in constructive trust for Beneficiary and delivered promptly to Beneficiary, or to a court appointed receiver for the Property, without the necessity for further notice to, or demand upon, Trustor. Upon the occurrence of such a default and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any tenant of the Property a notice to the effect that: (a) a default has occurred; (b) Beneficiary has elected to exercise its rights under this assignment; and (c) such tenant is thereby directed to thereafter make all payments of Rents to or for the benefit of Beneficiary or as Beneficiary shall direct. Any such tenant shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice, irrespective of whether a dispute exists between Trustor and Beneficiary with respect to the existence of a default or the rights of Beneficiary hereunder. Any such tenant shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this assignment. Trustor hereby agrees to indemnify, defend and hold any such tenant harmless from and against any and all losses, claims, damages or liabilities arising from or related to any payment of Rents by such tenant made in reliance on and pursuant to such notice.

10. **Default and Foreclosure.** Upon default by Trustor in payment or performance of any Secured Obligation, subject to any applicable cure period, Beneficiary may declare all sums secured immediately due and payable by delivery to Trustee of a declaration of default and demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be

filed for record. Beneficiary also shall deposit with Trustee this Leasehold Deed of Trust, said note or notes and all documents evidencing expenditures secured by this Leasehold Deed of Trust. Upon default of any obligation secured by this Leasehold Deed of Trust and acceleration of all sums due, Beneficiary may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Leasehold Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. **Substitution of Trustee**. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Leasehold Deed of Trust is recorded and the name and address of the new Trustee.

12. **Successors and Assigns**. This Leasehold 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 mean the owner and holder, including pledgees, of the secured note or notes, whether or not named as Beneficiary herein.

13. **Trustee Acceptance**. Trustee accepts this trust when this Leasehold Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Leasehold Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

14. **Further Assurances**. Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Leasehold Deed of Trust, or for filing, registering, or recording this Leasehold Deed of Trust. Trustor shall, on demand, execute and deliver, and hereby authorizes Trustee and Beneficiary, or either of them, to execute in the name of Trustor, to the extent it may lawfully do so, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Leasehold Deed of Trust, and thereafter from time to time, Trustor shall cause this Leasehold Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. **Condemnation and Insurance Proceeds.** Trustor shall comply with the Ground Lease with respect to condemnation and insurance proceeds.

16. **Severability.** If any one or more of the provisions contained in this Leasehold Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Leasehold Deed of Trust, but this Leasehold Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. **Estoppel Certificates.** Trustor shall, within 10 days of a written request from Beneficiary from time to time, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Leasehold Deed of Trust and any right of set off, counterclaim or other defense which exists against such sums and the obligations of this Leasehold Deed of Trust.

18. **California Uniform Commercial Code Security Agreement; Fixture Filing.** Trustor hereby grants Beneficiary a security interest in all personal property of Trustor located on the Property and wherever located and used in any way in connection with or in any way relating to the Property, and whether now owned or hereafter in existence, acquired or created (including equipment, inventory, goods, documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights), and all fixtures of Trustor now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions and proceeds (including insurance proceeds) of all of the foregoing (collectively, the "Personal Property"). Beneficiary may file this Leasehold Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Personal Property. Any reproduction of this Leasehold Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor shall execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Leasehold Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to the Personal Property. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in the Personal Property. Upon Trustor's breach of any covenant or agreement of Trustor contained in this Leasehold Deed of Trust, including the covenants to pay when due all sums secured by this Leasehold Deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke any remedies provided in this Leasehold Deed of Trust as to the Personal Property. In exercising any of such remedies, Beneficiary may proceed against the Property and any of the Personal Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies provided in the Leasehold Deed of Trust. This Leasehold Deed of Trust also covers goods which are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

19. **Due On Sale or Encumbrance**. If all or any part of the Property, or any interest therein, or any interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operation of law, except as expressly permitted by the Ground Lease, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Leasehold Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Leasehold Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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Exhibit "A" to Deed of Trust

LEGAL DESCRIPTION

(Attached)

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Exhibit "B" to Deed of Trust

ADDENDUM TO LEASEHOLD DEED OF TRUST

(Attached)

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ADDENDUM TO LEASEHOLD DEED OF TRUST

This Addendum to the Leasehold Deed of Trust is part of the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Leasehold Deed of Trust**") dated as of _____, 2024, between Jamboree Housing Corporation, as Trustor, and the CITY OF BREA, as Beneficiary. The following provisions are made a part of the Leasehold Deed of Trust:

1. No Discrimination.

a. The Trustor covenants by and for itself, its 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, 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.

b. Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

c. All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof, shall contain or be subject to the nondiscrimination/nonsegregation clauses set forth in California Health and Safety Code Section 33436.

2. Hazardous Substances.

a. As used in this Section, the following terms shall have the following meanings:

i. **Environmental Laws**" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("**CERCLA**"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.);

the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City of Mill Valley or any applicable federal, state and local agencies or bureaus, as amended from time to time.

ii. **“Foreclosure Transfer”** means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Leasehold Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Leasehold Deed of Trust, or by deed in lieu of such foreclosure.

iii. **“Hazardous Substances”** means:

(1) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a “hazardous substance,” “hazardous material,” “hazardous waste,” “extremely hazardous waste,” “acutely hazardous waste,” “radioactive waste,” “infectious waste,” “biohazardous waste,” “toxic substance,” “pollutant,” “toxic pollutant,” “contaminant” as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, “EP toxicity” or “TCLP toxicity”;

(2) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources;

(3) “hazardous substance” as defined in Section 2782.6(d) of the California Civil Code;

(4) “waste” as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form;

(5) urea formaldehyde foam insulation;

(6) polychlorinated biphenyls (PCBs);

(7) radon; and

(8) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant

present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

iv. **“Hazardous Substance Activity”** means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.

v. **“Losses”** means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims, actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by an Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person that is required by Environmental Laws or administrative ruling or directive because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of Environmental Laws in the air, soil, surface water or groundwater at the Property; (D) any and all diminution in value of the Property, loss of use or damage to the Property, or loss of profits or loss of business opportunity; and (E) reasonable costs and expenses of enforcing this Section.

vi. **“Environmental Losses”** means Losses arising out of or occurring as a result of: (A) the occurrence of any Hazardous Substance Activity; (B) any violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C), or any allegation of any such matters.

b. Trustor represents and warrants to Beneficiary that Trustor has conducted as appropriate inquiry and investigation, and, to the best of Trustor’s knowledge and except as previously expressly disclosed in writing by Trustor to Beneficiary, based on such inquiry and investigation, no portion of the Property is being used or has ever been used at any previous time, for the disposal, storage, treatment, processing or other handling of Hazardous Substances, nor have any Hazardous Substances migrated onto or from the Property. Neither the Property nor

Trustor is in violation of or subject to any existing, pending or threatened investigation by any governmental authority under any Environmental Law. Trustor's prior and intended use of the Property will not result in the disposal or release of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof to the release of this Leasehold Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release.

c. Trustor represents and warrants to Beneficiary that Trustor has complied with all recommendations by any engineers retained by Trustor and all requirements of any applicable department of environmental resources, environmental protection agency or similar governmental agency, and there are no recommendations by said engineers or requirements ordered by said agency or any other governmental body for environmental investigation or cleanup with respect to the Property.

d. On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances ("Environmental Requirements").

e. If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property, Trustor shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property.

f. At any time after the occurrence and during the continuance of any default under this Section (subject to any applicable notice and cure provisions in Ground Lease), Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Leasehold Deed of Trust:

i. As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (1) enter upon, possess, manage, operate, dispose of, and contract to dispose of the

Property or any part thereof; (2) take custody of all accounts; (3) negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; (4) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (5) make, terminate, enforce or modify leases of part or all of the Property; (6) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in Beneficiary's judgment to protect or enhance the security hereof; and/or (7) take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

ii. With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (1) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (2) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.

iii. Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually

incurred by Beneficiary or advanced by Beneficiary (collectively, the “Environmental Costs”) relating to the cleanup, remediation or other response action required by applicable law or which Beneficiary believes necessary to protect the Property, it being conclusively presumed between Beneficiary and Trustor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action respecting the Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

iv. As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor’s assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.

v. Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in any promissory note or other loan documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 6(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the loan documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Leasehold Deed of Trust, and Trustor’s obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Property or this Leasehold Deed of Trust.

g. Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses.

TRUSTOR:

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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EXHIBIT E
FORM OF ASSIGNMENT

(Attached)

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ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS

(CITY LOAN)

THIS ASSIGNMENT OF ARCHITECT'S/ENGINEER'S CONTRACTS AND PLANS (this "Assignment") is made as of _____, 202__, and is executed by _____ ("Assignor"), in favor of the CITY OF BREA ("Assignee"), pursuant to that certain Disposition, Development and Loan Agreement dated _____, 2024 by and between Assignor and Assignee (the "DDLA").

RECITALS

A. As contemplated by the DDLA, Assignee made a [construction and] permanent loan in the amount of \$ _____ to Assignor for construction costs relating to a low income housing project on property at 323 North Brea Boulevard in Brea, California ("Project"). The loan is evidenced by a secured promissory note (including any modifications thereof, the "City Loan Note").

B. Pursuant to the DDLA, _____, L.P., as tenant, and Assignee, as landlord, entered into a Ground Lease which provides, among other things, that upon termination of the Ground Lease after an Event of Default thereunder by the tenant, Assignee shall be entitled to enforce the architects and engineers agreement relating to the project, and shall be entitled to ownership and use of plans and specifications for the project.

C. Additionally, the DDLA also requires Assignor to assign to Assignee, as security for the City Loan, all of Assignor's right, title and interest in and to all architects and engineers ("Engineers/Architects") contracts, plans and specifications for the Project, which include: (i) that certain _____ dated _____, executed by _____ and _____ [which has been assigned by _____ to _____, L.P.][?]; (ii) that certain dated _____, executed by _____ and _____ [which have been assigned by _____ to _____, L.P.][?]; and (iii) all plans and specifications created under or pursuant to such contracts[, which have been assigned by _____ to _____, L.P.][?] (collectively, the "Contracts").

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt whereof is hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee, effective upon the occurrence of a default under the Note, all of Assignor's right, title and interest in and to the Contracts for the purposes of securing payment of the principal and interest evidenced by the Note, proceeds of which have been used by Assignor to pay costs payable by Assignor under the Contracts, and for purposes of enforcement, ownership and use upon a termination of the Ground Lease prior to completion of the Project, based on an Event of Default thereunder by the ground tenant.

Assignor's assignment includes the ability to receive, demand and enforce any and all of Assignor's rights, and receive, demand and enforce the obligations of the Engineers/Architects under the Contracts, and use all plans and specifications (or assign the same to a subsequent

developer), and to perform any and all acts in the name of Assignor or at the option of Assignee, in the name of Assignee.

Assignor hereby represents and warrants to Assignee that: (i) no previous assignment of Assignor's interest in and to or rights under the Contract has been made; and (ii) Assignor is not in default under the Contracts as of the date hereof.

Assignor agrees not to amend, assign, sell, pledge or otherwise transfer or encumber in any manner Assignor's interest in and to or rights under the Contracts without the prior written consent of Assignee so long as this Assignment remains in effect.

Upon the completion of the Project in accordance with the Ground Lease, and repayment of all principal and interest under the City Loan, this Assignment shall terminate.

If any one or more of the provisions contained in this Assignment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Assignment, but this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Assignment shall be governed by and construed according to the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first above written.

ASSIGNEE:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

Attest:

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

ASSIGNOR:

a _____

By: _____
Print Name: _____
Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202__

a _____

By: _____

Print Name: _____

Title: _____

CONSENT

The undersigned hereby consents to the assignment described in the Assignment to which this Consent is attached.

The undersigned hereby agrees that upon the Assignee or its assigns giving the undersigned written notice of Assignee's exercise of its rights under the Assignment, the undersigned will recognize and attorn to Assignee (or such assigns) in accordance with the Assignment, and will have no recourse against Assignee for any sums due under the Contract with the undersigned at the time of such notice (but shall have all of its rights and remedies against Assignor for such sums).

The address for notices of the undersigned for such purpose is:

Notices may be sent by certified mail or reputable overnight delivery service.

The undersigned represents that:

- (i) The undersigned has not assigned its interest under its Contract to any other person or entity;
- (ii) The Assignor is not in default under the Contract.

The undersigned agrees that no change, modification or amendment to the Contract from and after the date hereof shall be valid without the prior written consent of Assignee.

Dated as of: _____, 202__

a _____

By: _____
Print Name: _____

Title: _____

EXHIBIT F
FORM OF AFFORDABLE HOUSING
AGREEMENT
AND
FORM OF NOTICE

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AFFORDABLE HOUSING AGREEMENT

This AFFORDABLE HOUSING AGREEMENT ("Agreement") is executed by **JAMBOREE HOUSING CORPORATION**, a California nonprofit corporation ("**Developer**"), and the **CITY OF BREA** ("**City**"), a California municipal corporation, and is dated _____, 2024 for reference purposes. For purposes of the grantor-grantee index, Developer is the grantor and City is the grantee.

RECITALS

- A. Developer has a leasehold interest in the real property legally described on Exhibit A ("**Site**") by virtue of a _____, 2024 Ground Lease ("**Lease**") executed by City, as landlord, and Developer, as tenant. The Lease requires Developer to construct a ___ unit multifamily residential rental development ("**Project**") on the Site, and City is providing a loan to Developer to facilitate such construction.
- B. To receive a density bonus and other assistance from City (including certain waivers and concessions relating to development standards) for the Project, Developer intends to restrict ___ of the residential units in the Project to extremely low income households at an affordable rent, and will reserve one residential unit in the Project as an unrestricted onsite manager's unit.
- C. This Agreement is the affordable housing agreement required by Brea City Code Section 20.40.090(B) and the regulatory agreement required by Government Code Section 37364(d).

NOW, THEREFORE, City and Developer agree as follows:

1. DEFINITIONS

In addition to the terms defined above, the following definitions shall apply for purposes of this Agreement:

- A. "Affordability Period" means the 55-year period commencing on the date of the Certificate of Occupancy.

B. “Affordable Rent” means rent, including a reasonable utility allowance that does not exceed the product of 30% times 30% of the Area Median Income adjusted for family size appropriate to the unit.

C. “Affordable Units” means _____ of the _____ residential units in the Project.

D. “Area Median Income” means the median income for households in Orange County, California as annually established by HUD pursuant to Section 8 of the United States Housing Act of 1937 and as defined in 25 C.C.R. Section 6932. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, City shall provide Developer with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

E. “Adjusted for family size appropriate to the unit” means for a household of two persons in the case of a one-bedroom unit, and means for a household of three persons in the case of a two-bedroom unit.

F. “Certificate of Occupancy” means the certificate of occupancy issued by City for the Project (the final certificate of occupancy if a temporary certificate of occupancy is, or if multiple certificates of occupancy are, issued).

G. “Eligible Household” means a person or family whose income does not exceed 30% of the Area Median Income adjusted for family size appropriate to the unit.

H. “HUD” means the United States Department of Housing and Urban Development.

2. RENTER ELIGIBILITY

A. During the Affordability Period, Developer shall rent the Affordable Units to Eligible Households at an Affordable Rent. The remaining unit in the Project shall be an unrestricted onsite manager’s unit.

B. Income of all persons residing in an Affordable Unit shall be considered for purposes of calculating the applicable income.

C. Developer shall not allow any Affordable Unit to be subleased and shall include in each lease or rental agreement with an Affordable Unit tenant a prohibition against subletting.

3. UNIT MONITORING

A. Prior to each rental of an Affordable Unit, Developer shall require that each prospective tenant execute an income certification form supplied by City. Developer shall then verify that each prospective tenant’s income certification form is truthful by obtaining any of the following:

- i. Paycheck stubs from the prospective tenant’s two most recent pay periods.

ii. A true copy of an income tax return from the prospective tenant for the most recent tax year in which a return was filed.

iii. An income verification certification from the prospective tenant's employer.

iv. An income verification certification from the Social Security Administration or the California Department of Social Services.

v. An alternate form of income verification reasonably available.

B. On an annual basis, Developer shall require each Affordable Unit tenant to execute an income recertification form supplied by City, and shall verify that such form is truthful in accordance with Paragraph A above. If upon income recertification it is determined that an Affordable Unit tenant has a gross income exceeding the qualifying limit, then such tenant shall be permitted to continue occupying the unit for 12 months or until lease expiration, whichever is longer. During this period, Developer may increase such tenant's rent to the extent permissible by law or up to 5% above the Affordable Rent, whichever is less.

4. TENANCY REPORTS

A. Developer shall submit to City annual tenancy reports, and annual income certifications or re-certifications, in form and content approved by City from time to time. In addition to any other information specified by City, such reports shall include:

i. The number of persons per unit.

ii. Tenant name.

iii. Initial occupancy date.

iv. Rent paid per month.

v. Gross income per year.

vi. Percent of rent paid in relation to income.

vii. Copies of documents used to certify or recertify the tenant as an Eligible Household.

B. The first annual report and annual income certification, with copies of all of the signed leases (including any addenda and amendments), shall be submitted to City within 30 days after the date of the initial rental of any of the Affordable Units or as otherwise agreed to in writing by City. Subsequent annual reports and annual income certifications or re-certifications shall be submitted to City on the anniversary date of the first submittal.

C. Developer shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements prescribed by City with respect to

all matters covered by this Agreement. Developer, at such time and in such forms as City may require, shall furnish to City statements, records, reports, data and information pertaining to matters covered by this Agreement. Upon request for examination by City, Developer, at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Agreement. Developer shall permit City and its representatives to audit, examine and make excerpts or transcripts from these records.

5. OCCUPANCY LIMIT

Except as otherwise required by law, no less than one person per bedroom shall be allowed; no more than three persons shall be permitted to occupy a one bedroom Affordable Unit; and no more than five persons shall be permitted to occupy a two bedroom Affordable Unit.

6. MANAGEMENT PLAN

Prior to Certificate of Occupancy issuance, Developer shall obtain City approval of a management plan for the Affordable Units. The management plan shall include: the proposed management company's name and qualifications; the proposed policies and procedures for management, tenant selection, and occupancy of the Affordable Units; and the proposed lease or rental agreement to be used for the Affordable Units. The management plan, and any amendments thereto, shall be subject to the City Manager's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. The management of the Affordable Units shall be compliance with the City-approved Management Plan.

7. PROPERTY MAINTENANCE

Developer shall maintain the Property in the same aesthetic and sound condition as existing at the date of the Certificate of Occupancy, reasonable wear and tear excepted. Representative items of maintenance shall include: graffiti abatement; repainting, repair, or replacement of damaged or deteriorated surfaces, fencing, walls, equipment, etc.; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property; washing down of on-site walks and paved areas; trimming, fertilization, and replacement of landscaping; cleaning windows; maintaining the roof in a leak-free and weather-tight condition; and maintaining security devices in good working order.

8. NONDISCRIMINATION

Developer covenants 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 Government Code Section 12955 in connection with the rental, sale, lease, sublease, transfer, use, or occupancy of the Project. Neither Developer nor any person claiming under or through Developer shall 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, or sublessees of the Project.

9. ASSIGNMENT

A. The identity and qualifications of Developer as an experienced and successful Developer and operator of affordable rental housing developments are of particular concern to the City; it is because of this identity and these qualifications that City has entered into this Agreement with Developer. Except with respect to permitted transfers of the Lease, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise. Developer shall not make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Lease or the Project without City's prior written approval.

B. City approval shall not be required for the lease or rental of Affordable Units to Eligible Households in accordance with this Agreement.

10. BINDING EFFECT

A. The obligations established in this Agreement attach to and run with the Property, and shall be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of City and City's successors and assigns.

B. This Agreement shall be recorded prior to any deeds of trust or other liens on the Developer's leasehold interest (except for the liens for property taxes and assessments), and this Agreement shall not be subordinated to any such deeds of trust or other liens.

C. No violation or breach of this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer shall be bound by this Agreement whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

11. NOTICES

Notices under this Agreement shall be given in writing and shall be given in accordance with the terms of the notices provision in the Lease.

12. REMEDIES

Upon a default by Developer, City shall have all rights and remedies at law or in equity, and all rights and remedies in Brea City Code Section 20.40.100, and such remedies shall be cumulative to the extent permitted by law. City shall have the right to obtain from Developer any overcharged rent.

13. TIME OF THE ESSENCE

Time is of the essence of each provision of this Agreement in which time is a factor.

14. EXPIRATION

This Agreement shall remain in effect until expiration of the Affordability Period.

15. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

16. INCORPORATION OF MANDATORY LANGUAGE

Each and every provision required by law to be inserted in this Agreement shall be deemed to be inserted and this Agreement shall be read and enforced as though such provision were included. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon request of either party this Agreement shall promptly be amended to make such insertion or correction.

17. AMENDMENTS

This Agreement may not be amended, nor any provision or breach waived, except in a writing that is signed by the parties and that expressly refers to this Agreement.

TO EXECUTE THIS AGREEMENT, City and Developer have caused their duly authorized representatives.

CITY:

CITY OF BREA,
a municipal corporation

By: _____
Bill Gallardo, City Manager

DEVELOPER:

JAMBOREE HOUSING CORPORATION,
a nonprofit corporation

By: _____

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A
TO AFFORDABLE HOUSING AGREEMENT**

Legal Description

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice. Restrictions have been recorded with respect to the property described below which restrict the price and terms at which the property may be sold or rented. These restrictions may limit the sales price or rents of the property to an amount which is less than fair market value. These restrictions limit the income of persons and households who are permitted to purchase and rent the property.

This NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (the "Notice"), is executed by _____ ("Developer"), whose address is _____ and by the City of (the "City") in connection with that certain Regulatory Agreement (Housing Set Aside Funds) dated _____, 202__ between Developer and the City, as successor to the housing assets of the former Brea Redevelopment Agency (the "Regulatory Agreement") between Developer and the Agency.

RECITALS

1. Developer owns the land described on Exhibit "A" with an address of 323 N. Brea Boulevard, in the City of Brea, State of California bearing Assessor's Parcel Number 296-301-02 (the "Land").
2. Developer and Agency are entering into and recording the Regulatory Agreement substantially concurrently herewith.
3. Capitalized terms used herein but not defined shall have the meaning set forth as described in the Regulatory Agreement.

TERMS OF NOTICE

1. Requirement for Recorded Notice. This Notice is being executed and recorded pursuant to California Health and Safety Code Section 33334.3(f)(3)(B).
2. Regulatory Agreement. This Notice is being recorded substantially concurrently with the recordation of the Regulatory Agreement, which is incorporated herein by reference.
3. Recitation of Affordability Restrictions. The Regulatory Agreement restricts the occupancy of _____ multifamily dwelling units on the Land to occupancy by _____ Income Households at an Affordable Rent (as defined in the Regulatory Agreement) for a term commencing on the completion of the rental project (as evidenced by a final Certificate of Occupancy) and ending on _____, 20___. [55 YEARS]

IN WITNESS WHEREOF, this Notice has been executed and made effective on the day and year first above written.

By: _____
Print Name: _____
Title: _____

CITY OF BREA

By: _____
Bill Gallardo, City Manager

Attest: _____
Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

Terence Boga, City Attorney

EXHIBIT G
FORM OF GROUND LEASE
(Attached)

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GROUND LEASE

by and between

CITY OF BREA

and

_____, L.P.,

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THIS GROUND LEASE (this “**Lease**” or this “**Agreement**”), dated as of _____, 202__ [CLOSING DATE UNDER DDLA] (the “**Effective Date**”), is entered into by and between the City of Brea, a municipal corporation (hereafter “**Landlord**”) and Jamboree Housing Corporation, a California nonprofit corporation (hereafter “**Tenant**”). Landlord and Tenant are hereafter collectively referred to as the “**Parties**.”

RECITALS

- A. Landlord is the owner of the land described on Exhibit “A” (the “Property”).
- B. Landlord and Tenant entered into that certain Disposition, Development and Loan Agreement dated _____, 2024 (hereafter, the “DDLA”) which provides for the ground lease of the Property by Landlord to Tenant for the development of the project described in Recital C, below. Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.
- C. Tenant has agreed to construct a __-unit multifamily rental housing development on the Property consisting of __ apartments that will be affordable to extremely low-income households at affordable rent, and one manager’s unit, and other amenities, and improvements required pursuant to the City’s governmental conditions of approval for entitlements and/or permits (the “Project”).
- D. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord the Property, upon and subject to the terms and conditions hereinafter set forth.
- E. The DDLA contemplates that this Lease shall be executed and delivered, and a Memorandum of Lease, a deed of trust in favor of Landlord, and an Affordable Housing Covenant and a Density Bonus Agreement, executed, acknowledged and recorded, at the Closing under the DDLA.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows.

ARTICLE 1. DEFINITIONS

1.1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

1.2. “Applicable Laws” is defined in Section 6.3.

1.3. “City” means the City of Brea, a municipal corporation, in its regulatory capacity as opposed to its proprietary interest in the Property as Landlord hereunder.

1.4. “City Council” means the City Council of the City of Brea.

- 1.5. "Claims" is defined in Article X.
- 1.6. "Conditions of Approval" is defined in Section 6.12.
- 1.7. "Construction Plans" is defined in Section 6.14.
- 1.8. "Environmental Laws" is defined in Section 7.9.4.2.
- 1.9. "Hazardous Material" is defined in Section 7.9.4.1.
- 1.10. "Improvements" means all buildings, structures, fixtures, fences, walls, paving, parking improvements, driveways, walkways, plazas, landscaping, permanently affixed utility systems and equipment, and other improvements located on the Property, including, without limitation, the Project and all replacements of the foregoing.
- 1.11. "Indemnitees" is defined in Article X.
- 1.12. "Lease Termination" is defined in Section 8.2.1.
- 1.13. "Leasehold Mortgage" means a deed of trust on the leasehold estate created by this Lease and held by a Leasehold Mortgagee.
- 1.14. "Leasehold Mortgagee" means the mortgagee or beneficiary of any Leasehold Mortgage and in the event of a transfer of such Leasehold Mortgage, the successor Leasehold Mortgagee, upon delivery of written notice of the transfer to Landlord.
- 1.15. "Official Records" means the Official Records of Orange County, California.
- 1.16. "Prevailing Wage Laws" is defined in Section 6.3.
- 1.17. "Project" means the residential rental project and related improvements as described in Recital D, as they may be modified with the consent of Landlord, subject to compliance with applicable law.
- 1.18. "Property" is defined in Recital B
- 1.19. "Term" is defined in Section 3.1.
- 1.20. "Transfer" is defined in Section 16.1.

ARTICLE 2. DEMISE OF PREMISES

2.1. Demise. Upon the Effective Date (which is the date of this Lease, and the date of the Closing under the DDLA), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Property for the Term and on the terms and conditions set forth in this Lease.

2.2. Condition of Title. Landlord leases the Property to Tenant subject to all easements, covenants, conditions, restrictions and other title matters of record existing as of the Effective Date, and all matters that would be apparent from an inspection of the Property on the Effective Date.

2.3. Condition of Property. Tenant specifically acknowledges that the Landlord is leasing the Property to Tenant on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and that Tenant is not relying on any representations or warranties of any kind whatsoever, express or implied, from Landlord, its employees, board members, agents, or brokers as to any matters concerning the Property. The Landlord makes no representations or warranties as to any matters concerning the Property, including without limitation: (i) matters relating to soils, subsoils, geology, the presence or absence of fill, groundwater, drainage, and flood zone designation, (ii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iii) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose, (iv) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property, (v) the compliance of the Property with Environmental Laws, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vi) the presence or removal of Hazardous Material, substances or wastes on, under or about the Property or the adjoining or neighboring property; and (vii) the condition of title to the Property.

2.4. Tenant to Rely on Own Experts. Tenant acknowledges that notwithstanding the delivery by Landlord to Tenant of any materials, including, without limitation, third party reports, Tenant will rely entirely on Tenant's own experts and consultants and its own independent investigation and judgment as to all matters relating to the Property.

2.5. Environmental Disclosure. To the extent the Landlord has copies of reports regarding the environmental condition of the Property, it has provided copies to Tenant of those reports known to exist; but the Parties acknowledge that Landlord will not be conducting a public records search of any regulatory agency files—although the Landlord urges Tenant to do so to satisfy itself regarding the environmental condition of the Property. By execution of this Agreement, Tenant: (i) acknowledges its receipt of the foregoing notice respecting the environmental condition of the Property; (ii) acknowledges that it has had an opportunity to conduct its own independent review and investigation of the Property; (iii) agrees to rely solely on its own experts in assessing the environmental condition of the Property and its sufficiency for its intended use; and (iv) waives any and all rights Tenant may have to assert that the Landlord failed to disclose information about the environmental condition of the Property.

2.6. Release by Tenant. Effective upon the Effective Date, Tenant WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES the Indemnitees and any person acting on behalf of the Landlord, from any and all Claims, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant now has or which may arise in the future on account of or in any way arising out of or in connection with the physical condition of the Property, the presence of Hazardous Material in, on, under or about the Property, or any law or regulation applicable thereto including, without limiting the generality of the foregoing, all Environmental Laws. The provisions of this Section 2.6 shall survive the expiration or earlier termination of this Agreement.

TENANT ACKNOWLEDGES THAT TENANT IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, TENANT EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE:

Tenant's initials: _____

ARTICLE 3. TERM

3.1. Term. The term of this Lease (the "**Term**") shall commence on the date hereof (i.e., the Effective Date), and it is intended that the Memorandum of Lease be recorded on such date ("**Commencement Date**"). Unless sooner terminated under the provisions hereof, the Term of this Lease shall expire fifty-five (55) years after the completion of the Project (as evidenced by a final Certificate of Occupancy) (the "**Expiration Date**"). The expiration or sooner termination of the Term shall be referred to as "**Lease Termination**."

3.2. Lease Year. For purposes of this Lease, "Lease Year" shall mean each calendar year, or partial calendar year during the Term. If the Commencement Date does not occur on January 1, then any amounts required to be paid under this Lease on a Lease Year basis shall be prorated on a per diem basis for the partial Lease Years that commence with the Commencement Date and end on the Expiration Date.

ARTICLE 4. RENT

4.1. Rent. Tenant has prepaid rent (in the amount of \$55) to Landlord through the escrow under the DDLA at the Closing under the DDLA.

4.2. Additional Rent. Tenant also agrees to pay as rent all sums, Impositions (as defined in Section 5.1 below), costs, expenses, and other payments which Tenant in any of the provisions of this Lease assumes or agrees to pay (collectively, "**Additional Rent**"). If Tenant fails to pay timely any Additional Rent, Landlord shall have (in addition to all other rights and remedies) all the rights

and remedies provided for herein or by law in the case of non-payment of rent, subject to the terms and conditions of this Lease.

4.3. Payment of Rent. The Base Rent and Additional Rent shall be collectively referred to as “**Rent**” under this Lease. All Rent shall be paid to Landlord in lawful money of the United States at the place to which notices are to be delivered to Landlord, unless Landlord designates a different address for the payment of Rent in writing to Tenant. Rent shall be payable on each anniversary of the Effective Date during the term hereof.

ARTICLE 5.

TAXES, ASSESSMENTS AND OTHER CHARGES

5.1. Impositions. Tenant covenants and agrees to pay prior to delinquency, all real property taxes, **possessory interest taxes**, license and permit fees, sales, use or occupancy taxes, assessments whether general or special, ordinary or extraordinary, unforeseen, as well as foreseen, of any kind or nature whatsoever, pertaining to this Lease, the Property or the Improvements or part thereof, including, but not limited to (i) any assessment, levy, imposition or charge, in lieu of or substitution for real estate taxes, and (ii) any assessment for public improvements or benefits which is assessed, levied, or imposed upon or which becomes due and payable and a lien upon (a) the Property or the Improvements or any part thereof or any personal property, equipment or other facility used in the operation thereof, (b) the rent or income received by Tenant from subtenants or licensees, (c) any use or occupancy of the Property or Improvements or part thereof, or (d) this transaction or, subject to the exclusions specified below, any document to which Tenant is a party creating or transferring an estate or interest in the Property or part thereof. All of the foregoing are hereinafter referred to as “**Impositions.**”

5.1.1. Exclusions. Impositions specifically shall exclude (i) any income, franchise, gross receipts, estate, inheritance, transfer or gift tax imposed on Landlord, and (ii) any transfer tax imposed on any document to which Landlord is a party creating or transferring an estate or interest in the Property.

5.1.2. Installments. If, by law, any Imposition is payable, or may at the option of the taxpayer be paid, in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same respectively become due and before any fine or penalty may be added thereto for the nonpayment of any such installment and interest. Any Impositions relating to tax years that are only partially included in the Term shall be prorated between Tenant and Landlord.

5.1.3. Evidence of Payment. Upon request by Landlord, Tenant shall furnish, in form satisfactory to Landlord, evidence of payment prior to delinquency of all Impositions payable by Tenant.

5.2. Tenant Right to Contest. Tenant shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but such right shall not be deemed or construed in any way as relieving, modifying or extending

Tenant's covenant to pay any such Imposition at the time and in the manner required by law. Any such contest shall be conducted in accordance with and subject to the requirements of Applicable Laws and otherwise in a manner that does not subject Landlord's title to the Property to foreclosure or forfeiture. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including without limitation attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant. During any contest of an Imposition, Tenant shall (by payment of disputed sums, if necessary) prevent any advertisement of tax sale, foreclosure of, or any divesting of Landlord's title, reversion or other interest in the Property or the Improvements.

5.3. Tenant Duty to File. Tenant shall have the duty of making or filing any exemption application, declaration, statement or report which may be necessary or advisable in connection with property tax exemption or the determination, equalization, reduction or payment of any Imposition which is or which may become payable by Tenant under the provisions of this Article V, and Landlord shall not be responsible for the contents of any such declaration, statement or report.

5.4. Utilities. Tenant agrees to pay, or cause to be paid, all charges which are incurred by Tenant or which are otherwise a charge or lien against the Property or part thereof during the Term, for gas, water, electricity, light, heat or power, telephone or other communication service use, or other utility use, rendered or supplied upon or in connection with the Property. Tenant shall also obtain, or cause to be obtained, without cost to Landlord, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Property of wires, pipes, conduits and other equipment for the supply of utilities to the Project. In no event shall Landlord have any liability to Tenant, and Tenant hereby releases Landlord, from any and all claims, including but not limited to consequential damages, lost profits and similar damages that Tenant may incur as a result of any interruption, curtailment or diminishment of such utilities, other than for the active negligence or willful misconduct of Landlord. Notwithstanding the foregoing, Tenant shall have the right to challenge the amount or validity of the foregoing charges, provided that doing so does not result in the Property being subjected to any lien or other encumbrance that is not itself adequately released, insured over or otherwise satisfied by Tenant after Tenant has exhausted its efforts to contest the same in accordance with all Applicable Laws.

ARTICLE 6. DEVELOPMENT OF THE PROPERTY

6.1. Construction of Improvements; Description of Project. Tenant agrees to construct on the Property a ___-unit multi-family residential rental project, together with related improvements in accordance with the plans and specifications, entitlements and permits and approvals issued or approved by the City, including all governmental conditions of approval.

6.2. Construction Schedule/Deadlines. Subject to force majeure delays (meaning delays that delay the applicable construction, excluding defaults on financing), Tenant shall materially commence construction of the Project within thirty (30) days following the Effective Date, shall complete grading within _____ () _____ of commencing construction, and shall diligently

prosecute to completion the construction of the Project sufficient to allow City to issue a final certificate of occupancy within _____ years following commencement of construction, subject to any such force majeure delays. Tenant's failure to commence or complete the Project in accordance with the time periods specified in this Section 6.2 shall be an Event of Default hereunder.

6.3. Construction Standards. Tenant shall carry out and shall cause its contractors to carry out the construction of the Project and all subsequent improvements, alterations and replacements, in a high quality and workmanlike fashion in accordance with the City's governmental conditions of approval and the construction plans approved by Landlord and City, and the permits issued by City, and in compliance with all applicable state, federal, and local laws, rules, ordinances, codes, and regulations, including without limitation California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto ("**Prevailing Wage Laws**"), and all other applicable federal and state labor laws and standards, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* (all of the foregoing, collectively "**Applicable Laws**").

6.4. Prevailing Wages.

6.4.1. Developer shall comply and shall cause its contractors, subcontractors and agents to comply with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto, and if required by applicable law, the federal Davis Bacon Act and implementing regulations (all of the foregoing, collectively, "**Prevailing Wage Laws**") and shall be responsible for carrying out the requirements of such provisions.

6.4.2. Without limiting the generality of the preceding paragraph, to the extent required by applicable law, Developer shall:

(i) Pay, and shall cause all consultants and contractors to pay, prevailing wages in the construction of the Improvements as those wages are determined pursuant to California Labor Code Section 1720 *et seq.*;

(ii) Cause all consultants and contractors to employ apprentices as required by California Labor Code Section 1777.5 *et seq.*, and the implementing regulations of the Department of Industrial Relations ("**DIR**"), and to comply with the other applicable provisions of Prevailing Wage Laws;

(iii) Keep and retain, and shall cause all consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Section 1720 *et seq.*, and apprentices have been employed as required by California Labor Code Section 1777.5 *et seq.*;

(iv) Post at the Property, or cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

(v) Cause contractors and subcontractors constructing the Improvements to be registered as set forth in California Labor Code Section 1725.5;

(vi) Cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Improvements to specify that: (a) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Improvements unless registered with the DIR pursuant to California Labor Code Section 1725.5; and (b) the construction of the Improvements is subject to compliance monitoring and enforcement by the DIR.

(vii) Provide the City all information required by California Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

(viii) Cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

(ix) Cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

6.4.3. Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims arising directly or indirectly, in whole or in part, from the failure or alleged failure by Developer, or any other person, including without limitation, Developer's contractor and subcontractors to comply with all applicable provisions of Prevailing Wage Laws in connection with construction of the Project, including without limitation, all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781, all Claims relating to any failure to pay prevailing wages, employ apprentices, or comply with all applicable State or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws. The provisions of this Section shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion and final Certificate of Occupancy for the Project.

6.5. Easements; Reciprocal Easement/Joint Use Agreement. From time to time at Tenant's request, Landlord shall, in its capacity as fee title owner to the Property, join in the grant of reasonable easements to public or private utility companies for utility service reasonably required to and for the benefit of the Project. Landlord agrees to join in granting or dedicating such public or private utility or other easements as may be reasonably required for the development, maintenance, use, operation or enjoyment of the Property in accordance with this Lease.

6.6. Protection of Landlord. Nothing in this Lease shall be construed as constituting the consent of the Landlord, express or implied, to the performance of any labor or services, or the furnishing of any materials or any specific improvements, alterations of or repairs to the Property

or any part thereof, by any contractor, subcontractor, laborer or materialman such as to give rise to any right of any such contractor, subcontractor, laborer or materialman to file a mechanic's lien or other claim against the fee title to the Property. Landlord shall have the right at all reasonable times to post, and keep posted, on the Property any notices which Landlord may deem necessary for the protection of Landlord and the Property from mechanic's liens or other claims. Tenant shall give Landlord ten (10) days' prior written notice of the commencement of any work to be done on the Property to enable Landlord to post such notices. In addition, Tenant shall make, or cause to be made, timely payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Property (subject to Tenant's right to contest the same in accordance with all Applicable Laws).

6.7. Mechanic's Liens and Stop Notices. Tenant shall not allow to be placed on the Property or any part thereof any lien or stop notice on account of materials supplied to or labor performed on behalf of Tenant. If a claim of a lien or stop notice is given or recorded affecting the Project or the Property, Tenant shall within twenty (20) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to Landlord that the claim of lien or stop notice will be paid or discharged. Tenant shall indemnify, defend and hold Landlord harmless from and against liability, loss, damages, costs and expenses (including reasonable attorneys' fees) incurred by or brought against Landlord for claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it.

6.8. Right of Landlord to Satisfy Liens on the Property. If Tenant fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 6.7 above, upon not less than ten (10) days' prior written notice to Tenant, the Landlord shall have the right, but not the obligation, to satisfy any such liens or stop notices at Tenant's expense and without further notice to Tenant, and all sums advanced by Landlord for such purpose shall be payable to Landlord as Additional Rent. In such event Tenant shall be liable for and shall immediately reimburse Landlord for such paid lien or stop notice. Alternatively, the Landlord may require Tenant to immediately deposit with Landlord the amount necessary to satisfy such lien or claim pending resolution thereof. The Landlord may use such deposit to satisfy any claim or lien that is adversely determined against Tenant. Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Property for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property. The Landlord may (but has no obligation to) record any notices of completion or cessation of labor, or any other notice that the Landlord deems necessary or desirable to protect its interest in the Property.

6.9. Use of Plans. The contracts relating to design and construction of the Improvements executed by and between Tenant (or an affiliate of Tenant) and any architect, other design professional or any general contractor shall provide in the contracts, or in a consent to assignment, in form and substance reasonably satisfactory to Landlord, for the assignment thereof to Landlord as security to Landlord for Tenant's performance hereunder, and Landlord shall be furnished with any such contract, and Tenant hereby conditionally assigns such contracts and plans and for the

Project to Landlord and in connection therewith, agrees that if this Lease is terminated due to Tenant's default, Landlord may, at its election, use any plans and specifications to which Tenant is then entitled pursuant to any such contract upon the payment of any sums due to any party thereto, subject to any prior rights of the Project construction lender.

6.10. Cost of Construction. Tenant shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the development of the Property and the construction of the Improvements. Except as expressly set forth herein, all costs of designing, developing and constructing the Improvements and the Project and compliance with the Project approvals, including without limitation all off-site and on-site improvements required by City in connection therewith, shall be borne solely by Tenant and shall not be an obligation of the Landlord. If any Applicable Laws are hereafter changed so as to require during the Term any alteration of the Improvements, or the reinforcement or any other physical modification of the Improvements, Tenant shall be solely responsible for such cost and expense.

6.11. Project Approvals. Tenant acknowledges and agrees that execution of this Agreement by Landlord does not constitute approval for the purpose of the issuance of building permits for the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Tenant from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the development of the Property, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review. Tenant covenants that it shall obtain all necessary permits and approvals which may be required by City, or any other governmental agency having jurisdiction over the Property, and shall not commence construction work on the Project prior to issuance of building permits required for such work. Landlord staff shall work cooperatively with Tenant to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project on the Property.

6.12. Conditions of Approval. Tenant shall develop the Property in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits issued by City or any other governmental body or agency with jurisdiction over the Project or the Property whether already granted or issued as of the date hereof or as may hereafter be granted or issued in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the "Conditions of Approval").

6.13. Fees and Permits. Except as otherwise agreed by Landlord and Tenant, Tenant shall have the sole responsibility for obtaining all necessary governmental permits and approvals for the construction of the Improvements, at Tenant's sole cost and expense. Landlord shall cooperate with Tenant in connection with obtaining any such governmental permits and approvals. Tenant shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City and all other agencies with jurisdiction over development of the Property in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current

entitlements, any related approvals and permits, environmental review, architectural review, historic review, and any subsequent approvals for the Project.

6.14. Construction Plans. Tenant has submitted, and as of the Effective Date, City's Building Department has approved, detailed construction plans for the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Tenant and Tenant's contractors shall rely in developing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans may not be materially altered without the express written consent of Landlord and City.

6.15. Construction Pursuant to Plans. Tenant shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to the Project. Tenant shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

6.16. Change in Construction Plans. If Tenant desires to make any material change in the approved Construction Plans, Tenant shall submit the proposed change in writing to the Landlord for its written approval. Unless Landlord notifies Tenant in writing that a proposed change is rejected or that Landlord requests a modification to such proposed change within twenty (20) days, it shall be deemed disapproved. If rejected, the previously approved Construction Plans shall continue to remain in full force and effect. However, any change in the Construction Plans required in order to comply with applicable codes shall be deemed approved, so long as such change does not substantially nor materially change the architecture, design, function, use, or amenities of the Project as shown on the latest approved Construction Plans. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

6.17. Rights of Access. For the purpose of ensuring that the construction of the Project is completed in compliance with this Agreement, Tenant shall permit representatives of the Landlord and the City to enter upon the Property following 24 hours written notice (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided).

6.18. Landlord Disclaimer. Tenant acknowledges that the Landlord is under no obligation, and Landlord does not undertake or assume any responsibility or duty to Tenant or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Tenant and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the Landlord is solely for the purpose of determining whether Tenant is properly discharging its obligations under this

Agreement, and shall not be relied upon by Tenant or any third party as a warranty or representation by the Landlord as to the quality of the design or construction of the improvements or otherwise.

6.19. Defects in Plans. Landlord shall not be responsible to Tenant or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Tenant shall indemnify, defend (with counsel approved by Landlord) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Tenant's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement. It is further agreed that Landlord does not, and shall not, waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations pursuant to this Section shall not extend to Claims arising due to the gross negligence or willful misconduct of the Indemnitees.

6.20. Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry, national origin, age or disability in the hiring, firing, promoting, or demoting of any person engaged in construction work on the Property, and Tenant shall direct its contractors and subcontractors to refrain from discrimination on such basis.

6.21. Insurance Requirements. Tenant shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article IX.

ARTICLE 7. USE OF THE PROPERTY

7.1. Permitted Uses. Tenant may use the Property for the construction and operation of the Project and for no other purpose without the prior written consent of Landlord. Tenant shall not do or permit any activity on or about the Property that constitutes a public or private nuisance. At Tenant's sole expense, Tenant shall procure and maintain all governmental licenses or permits required for the proper and lawful conduct of Tenant's activities conducted on the Property.

7.2. Affordable Housing Covenant. Tenant shall comply with the Affordable Housing Covenant, and the separate Density Bonus Agreement with the City of Brea, both recorded against the Property.

7.3. No Condominium Conversion. Tenant shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Project during the Term of this Lease.

7.4. Management and Operation of the Project; Compliance with Laws. Tenant agrees to operate, maintain and manage the Property in high quality manner, subject to incidental wear and

tear. Tenant, at its sole cost and expense, shall comply with all Applicable Laws pertaining to the use, operation, occupancy, and management of the Property. Tenant shall not itself, and shall not permit any subtenant to use the Property or the Improvements for any unlawful purpose and shall not itself, and shall not permit any subtenant to, perform, permit or suffer any act of omission or commission upon or about the Property or the Improvements which would result in a nuisance or a violation of Applicable Law. Landlord shall have the right to review and approve the qualifications of any management entity proposed by Tenant for the Project. Landlord hereby approves _____ as the initial management entity for the Project. Any contracting of management services by Tenant shall not relieve Tenant of its primary responsibility for proper performance of management duties.

7.5. Tenant Right to Contest. Tenant shall have the right to contest by appropriate proceedings, in the name of Tenant, and without cost or expense to Landlord, the validity or application of any Applicable Law. If compliance with any Applicable Law may legally be delayed pending the prosecution of any such proceeding without the incurrence of any lien, charge or liability against the Property or Tenant's interest therein, and without subjecting Tenant or Landlord to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against all claims, damages, losses, liabilities, costs and expenses (including without limitation reasonable attorneys' fees) incurred by Landlord as a result of any such contest brought by Tenant.

7.6. Hazardous Materials.

7.6.1. Obligations of Tenant. Tenant hereby covenants and agrees that:

(i) Tenant shall not cause or permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Material or otherwise knowingly permit the presence or release of Hazardous Material in, on, under, about or from the Property or the Project with the exception of limited amounts of cleaning supplies and other materials customarily used in construction, use or maintenance of residential/mixed-use properties similar in nature to the Project and used, stored and disposed of in compliance with Environmental Laws.

(ii) Tenant shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Property or any portion of either to be in violation of, any Environmental Laws.

(iii) Upon receiving actual knowledge of the same, Tenant shall immediately advise Landlord in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Tenant, or the Property pursuant to any applicable Laws; (ii) any and all claims made or threatened by any third party against the Tenant or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Material; (iii) the presence or release of any Hazardous Material in, on, under, about or from the Property; or (iv) Tenant's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project that may in any way affect the Property pursuant to any Laws or cause it or any part thereof to be designated as Border Zone

Property. The matters set forth in the foregoing clauses (i) through (iv) are hereinafter referred to as "Hazardous Materials Claims". The Landlord shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claim.

(iv) Tenant shall promptly take all actions at its sole expense as are necessary to remediate the Property as required by law; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld. Without the Landlord's prior written consent, Tenant shall not enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claim.

7.6.2. Environmental Indemnity. From and after the Commencement Date, Tenant shall indemnify, defend and hold Landlord and Indemnitees harmless from and against any demand, lawsuit, liability, obligation, claim, damage, fine, penalty, expense, cost, or cause of action, whether at law or in equity, or any Hazardous Materials Claims resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Environmental Laws, no matter when occurred, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of Landlord and Indemnitees. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, trespass, contamination, leak, spill, release or other adverse effect on the environment. Tenant's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement.

7.6.3. No Limitation. Tenant hereby acknowledges and agrees that Tenant's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information the Landlord may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Material, whether the Landlord obtained such information from the Tenant or from its own investigations, unless such information was known to the Landlord at the time of execution of this Agreement but not disclosed to Tenant and not known to Tenant at the time of execution of this Agreement.

7.6.4. Definitions.

(i) **"Hazardous Materials"** means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under sections 25115, 25117 or 25122.7, or listed pursuant to section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under section 25501 of the California

Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum, or any fraction thereof; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to section 311 of the Clean Water Act (33 U.S.C. § 1317); (x) defined as a "hazardous waste" pursuant to section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, (42 U.S.C. § 6903); or (xi) defined as "hazardous substances" pursuant to section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended.

(ii) **"Environmental Laws"** means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Orange, City, any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Developer, the Site, the Improvements or Hazardous Materials, including all applicable state labor laws and standards (including prevailing wages, as applicable); all applicable public contracts requirements, zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the City Municipal Code (including City's Living Wage Ordinance in section 5-31.01, et seq. thereof, as applicable), and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. section 12101, et seq., Government Code section 4450, et seq., Government Code section 11135, et seq., and the Unruh Civil Rights Act, Civil Code section 51, et seq.

ARTICLE 8. SURRENDER AND RIGHT TO REMOVE

8.1. Ownership During Term.

8.1.1. Improvements. During the Term of this Lease the Improvements shall, subject to the terms of this Lease, be and remain the property of Tenant.

8.1.2. Personal Property. All personal property, furnishings, fixtures and equipment installed by Tenant in, on or around the Property which (i) are not attached to the Property so as to cause substantial damage upon removal, and (ii) are not necessary for the construction or the normal operation and occupancy of the Project, shall be the personal property of Tenant (the "Personal Property"). At any time during the Term, Tenant shall have the right to remove the Personal Property provided Tenant shall repair any damage caused by the removal of such Personal Property. Personal Property shall not include any portion or part of building components or fixtures necessary for the completion of the Project or the operation of the basic building systems (such as elevators, escalators, chillers, boilers, plumbing, electrical systems, lighting, sanitary fixtures and HVAC systems) which shall be deemed a part of the Improvements.

8.2. Ownership at Lease Termination.

8.2.1. Improvements. Upon the expiration or earlier termination of the Lease (“**Lease Termination**”) the Improvements and all stoves, refrigerators and dishwashers installed in the residential units (the “**Appliances**”) shall unconditionally be and become the property solely of Landlord, and no compensation therefor shall be due or paid by Landlord to Tenant for any part thereof, and this Lease shall operate as a conveyance and assignment thereof. Upon Lease Termination, Tenant shall surrender to Landlord the Property, the Improvements and the Appliances in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens, claims and encumbrances other than those matters existing prior to the Effective Date or matters subsequently created or consented to by Landlord. Upon Lease Termination, at Landlord’s request Tenant agrees to execute, acknowledge and deliver to Landlord such recordable instruments (including a Termination of Memorandum of Lease) as are necessary or desirable to confirm the termination of the Lease and all Tenant’s rights hereunder and to perfect Landlord’s right, title and interest in and to the Property, the Improvements and the Appliances.

8.2.2. Personal Property. With the exception of the Appliances, any Personal Property may be removed prior to Lease Termination by Tenant; provided, however, the removal shall be with due diligence, and without expense to Landlord, and any part of the Property damaged by such removal shall be promptly repaired by Tenant. Any Personal Property which remains on the Property for thirty (30) days after the Lease Termination may, at the option of Landlord, be deemed to have been abandoned and either may be retained by Landlord as its property AND TENANT HEREBY WAIVES ANY STATUTES AND OTHER LAWS TO THE CONTRARY. If requested by Landlord within a reasonable time but not less than six months prior to the termination of this Lease, upon Lease Termination Tenant shall, at Tenant’s sole cost and expense, remove all Personal Property, or portions thereof designated by Landlord.

8.3. Condition of Improvements at Lease Termination. Landlord has entered this Lease in reliance on the fact that, at Lease Termination, Landlord will receive from Tenant the Improvements and Appliances in good condition and repair, reasonable wear and tear excepted and reflecting the age of the Improvements and Appliances at such time and Landlord’s willingness during the Term of this Lease to consent to the encumbrance of Tenant’s interest in the Property for construction financing. At any time during the Term, upon reasonable advance notice and during normal business hours, Landlord may inspect the Property and Improvements and Appliances to confirm that they are being properly maintained as required herein. Following its inspection, Landlord may deliver to Tenant written notification of any portions of the Property or Improvements or Appliances which Landlord has determined are not being properly maintained and Tenant shall promptly comply with the provisions of this Lease regarding such items; provided, the failure of Landlord to inspect or to notify Tenant of any default hereunder shall not be a waiver of Landlord’s right to enforce Tenant’s maintenance and repair obligations hereunder.

8.4. Survival. The provisions of this Article 8 shall survive Lease Termination.

ARTICLE 9. INSURANCE

9.1. Insurance. Tenant, at its sole cost and expense, commencing upon the Effective Date and continuing throughout the Term (except as otherwise specified below) shall keep and maintain in full force and effect policies of insurance pursuant to and in accordance with the requirements set forth in this Article IX. Landlord shall review and update the insurance requirements no more often than every five (5) years during the term of this Lease and shall provide to Tenant written notice of the updated insurance requirements.

9.1.1. Tenant and all contractors working on behalf of Tenant on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as Landlord may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

9.1.2. Tenant and all contractors working on behalf of Tenant shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to Landlord evidence satisfactory to Landlord that Tenant and any contractor with whom Tenant has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

9.1.3. Upon commencement of construction work and continuing until issuance of the final certificate of occupancy or equivalent for the Project, Tenant and all contractors working on behalf of Tenant shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming Landlord as loss payee.

9.1.4. Developer and any contractor or subcontractor with whom Developer or the general contractor has contracted for the performance of work on the Property or otherwise pursuant to this Agreement, shall carry statutory Workers' Compensation insurance and Employer's Liability insurance in a minimum amount of One Million Dollars (\$1,000,000) per accident.

9.1.5. Developer shall require the Project architect, engineer, and general contractor to maintain Professional Liability/Errors and Omissions insurance with limits not less than Two Million Dollars (\$2,000,000) each claim. The City's Risk Manager may consider requests for lower limits for professionals that will provide a limited scope of services for the Project. Certificates evidencing this coverage must reference both the Developer and the Indemnitees. If the professional liability/errors and omissions insurance is written on a claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Developer

must purchase, or require the provision of, extended period coverage for a minimum of three (3) years after completion of construction.

9.1.6. Tenant shall maintain property insurance covering all risks of loss (other than earthquake), including flood (if required) for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to Landlord, naming Landlord as loss payee.

9.1.7. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Landlord as loss payee as its interest may appear pursuant to this Lease.

9.1.8. Tenant is obligated to have previously delivered to Landlord, as a condition to Closing under the DDLA reasonable evidence of all such insurance. If Tenant has neglected to so, then prior to commencement of construction work, Tenant shall furnish Landlord with certificates of insurance in form acceptable to Landlord evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify Landlord of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

9.1.9. If any insurance policy or coverage required hereunder is canceled or reduced, Tenant shall, within fifteen (15) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Landlord a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Landlord may, without further notice and at its option, procure such insurance coverage at Tenant's expense, and Tenant shall promptly reimburse Landlord for such expense upon receipt of billing from Landlord. Failure to file such certificate shall also constitute an event of default.

9.1.10. Coverage provided by Tenant shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by Landlord, and the policies shall so provide. The Tenant's full insurance limit, including limits that exceed the requirements of this Lease shall be available to cover claims against the Landlord. The insurance policies shall contain a waiver of subrogation for the benefit of the Landlord. Tenant shall furnish the required certificates and endorsements to Landlord prior to the commencement of construction of the Project, and shall provide Landlord with certified copies of the required insurance policies upon request of Landlord.

9.1.11. Tenant shall obtain and deliver to Landlord additional insured endorsements for the general liability coverage, and shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

ARTICLE 10. INDEMNIFICATION BY TENANT

Tenant shall indemnify, defend (with counsel approved by Landlord), protect and save Landlord and the City of Brea and its elected and appointed officials, officers, employees, and agents (all of the foregoing, collectively the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, judgments, judicial or administrative proceeding, deficiency, order, costs and expenses (including without limitation reasonable attorneys' fees and court costs) (all of the foregoing, collectively "Claims") which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to: the construction, renovation, use, operation, or management of, the Property or the Improvements; any breach or default on the part of Tenant in the performance of any covenant or agreement to be performed by Tenant pursuant to this Lease; any negligence of Tenant or any of its agents, contractors, employees, sublessees, or licensees; any accident, injury or damage caused to any person in or on the Property or Improvements; the furnishing of labor or materials by Tenant; or the failure to comply with Applicable Laws; whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that Landlord does not and shall not waive any rights against Tenant which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Landlord, or Tenant's deposit with Landlord of any of the insurance policies described in this Agreement. Tenant's indemnification obligations set forth in this Section shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees. Tenant's obligations under this Article shall survive the expiration or earlier termination of this Agreement.

ARTICLE 11. DAMAGE AND DESTRUCTION

11.1. Damage or Destruction.

11.1.1. In the event of any damage to or destruction of the Improvements during the Term for which insurance coverage is required under this Lease, Tenant shall restore and rebuild the Improvements as nearly as possible to their condition immediately prior to such damage or destruction, subject to any restrictions imposed by changes in Applicable Law and the availability of insurance proceeds for such purpose. Tenant shall commence diligently and continuously to carry out such rebuilding to full completion as soon as possible. Unless Landlord agrees otherwise in writing, Tenant shall commence reconstruction of the Improvements within one hundred and eighty (180) days following the date upon which insurance proceeds are made available for such work. Tenant shall be deemed to have commenced reconstruction when Tenant engages an architect for such work. Upon the occurrence of damage or destruction, all insurance proceeds paid in respect of such damage or destruction shall be applied to the payment of the costs of the restoration and rebuilding required to be performed by Tenant pursuant to this Lease. The insurance proceeds shall be held in trust by a financial institution agreed upon by Landlord and Tenant (the "**Insurance Trustee**"), with the costs of such trust to be a first charge against the insurance proceeds. After the completion of the restoration and rebuilding of the Improvements,

any remaining insurance proceeds shall be paid to Tenant and Tenant shall be entitled to retain the same.

11.1.2. Notwithstanding the foregoing or any other provision to the contrary in this Article XI, if a Leasehold Mortgagee requires insurance proceeds payable with respect to a casualty to be paid to it or its successors or assigns pursuant to the terms of its Leasehold Mortgage, the insurance proceeds shall be delivered to such Leasehold Mortgagee to be applied by such Leasehold Mortgagee in accordance with such Leasehold Mortgage. No settlement with the issuer of any insurance policy purchased by the Tenant shall be made without the mutual agreement of the Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate this provision.

11.2. Rebuilding by Tenant. The funds held by the Insurance Trustee shall be held in trust and shall be applied to the cost of rebuilding. Any funds held by the Insurance Trustee following final completion of rebuilding and payment of all costs and expenses thereof and removal of any liens related thereto, shall be paid to Tenant.

11.3. Disbursement of Funds. The Insurance Trustee shall disburse funds only on a periodic basis approved by Landlord and Tenant and only upon receipt of invoices and other documentation, certified as correct by Tenant's architect, if an architect is required for the repair, evidencing satisfactory completion of the work for which payment is requested (a "Payment Request"). Further, the Insurance Trustee shall not disburse any funds unless the payment request is accompanied by (a) an executed conditional lien release in form complying with California law relating to all labor and materials described in the Payment Request and (b) an executed final lien release in form complying with California law releasing all claims for labor and materials described in the immediately preceding Payment Request.

11.4. Notice Required. In the event of material damage to or destruction of the Improvements, or any part thereof, Tenant shall promptly give Landlord and Leasehold Mortgagee notice of such occurrence and take all actions reasonably required to protect against hazards caused by such damage or destruction. For purposes of this Article XI damage or destruction shall be deemed to be material if the estimated cost to repair equals or exceeds One Hundred Thousand Dollars (\$100,000).

11.5. Removal of Debris. If this Lease shall terminate following the occurrence of damage to or destruction of the Improvements and at a time when Tenant shall not have restored and rebuilt the Improvements, then Tenant shall, at its cost and expense after the use of any insurance proceeds released for such purpose, remove the debris and damaged portion of Improvements (including without limitation all foundations) and restore the Property and Improvements or the applicable portion thereof to a neat, clean and safe condition.

11.6. Tenant's Right to Terminate. Notwithstanding any contrary provision of this Article XI, Tenant shall have the option to terminate this Lease and be relieved of the obligation to restore the Improvements where all or substantially all of the Improvements are substantially damaged or destroyed and such damage or destruction resulted from a cause not insured against by Tenant nor

required to be insured against by Tenant under this Lease (an “**Uninsured Loss**”), and where all of the following occur:

(i) No more than one hundred twenty (120) days following the Uninsured Loss, Tenant shall notify Landlord of its election to terminate this Lease. To be effective, such notice must include the written consent of all Leasehold Mortgagees and partners of Tenant to Tenant’s exercise of the option to terminate set forth in this Section 11.6. Landlord shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Tenant has obtained the consent of all Leasehold Mortgagees to Tenant’s exercise of its option to terminate this Lease.

(ii) No more than sixty (60) days following the giving of the notice required by the preceding paragraph (i) or such longer time as may be reasonable under the circumstances, Tenant shall, at Tenant’s expense after the use of any insurance proceeds released for such purpose, remove all debris and other rubble from the Property, secure the Property against trespassers, and at Landlord’s election, remove all remaining Improvements on the Property.

(iii) No more than thirty (30) days following Tenant’s termination notice, Tenant shall deliver to Landlord a quitclaim deed to the Property and Improvements in recordable form, in form and content satisfactory to Landlord and/or with such other documentation as may be reasonably requested by Landlord or any title company on behalf of Landlord, terminating Tenant’s interest in the Property and Improvements.

ARTICLE 12.

LANDLORD’S RIGHT TO PERFORM TENANT’S COVENANTS

12.1. If Tenant shall at any time fail to pay any Imposition or other charge payable by Tenant to a third party as required by this Lease within the time permitted (which shall be deemed to include any time to contest the same that is permitted by Applicable Laws), or to pay for or maintain any of the insurance policies required pursuant to Article IX within the time therein permitted, or to make any other payment or perform any other act on its part to be made or performed hereunder within the time permitted by this Lease, then after thirty (30) days’ written notice to Tenant and after satisfying all other notice requirements set forth in this Lease respecting Leasehold Mortgagees and partners of Tenant and such parties’ failure to timely cure (or as applicable, commence to cure) the same, and without waiving or releasing Tenant from any obligation of Tenant hereunder, Landlord may (but shall not be required to): (i) pay such Imposition or other charge payable by Tenant; (ii) pay for and maintain such insurance policies required pursuant to Article IX; or (iii) make such other payment or perform such other act on Tenant’s part to be made or performed under this Lease; and Landlord may enter upon the Property and Improvements for such purpose and take all such action thereon as may be reasonably necessary therefor.

12.2. All sums paid by Landlord and all costs and expense incurred by Landlord in connection with the performance of any such act (together with interest thereon at the Default Rate from the respective dates of Landlord’s making of each such payment) shall constitute additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. The “**Default Rate**” shall mean interest calculated at an annual rate equal to the rate of interest most

recently announced by Bank of America N.A. (or its successor bank) at its San Francisco office as its "reference rate" but in no event more than the maximum rate of interest permitted by law. If Bank of America or its successor no longer issues a "reference rate," the most comparable rate of the largest bank with its corporate headquarters in California shall be used. If there is no such bank or comparable rate, then the Default Rate shall be the highest legal rate of interest that may be charged at that time.

ARTICLE 13.

REPAIRS, CHANGES, ALTERATIONS AND NEW CONSTRUCTION

13.1. Repairs and Maintenance. Tenant covenants and agrees, throughout the Term, without cost to Landlord, to take good care of the Property and to keep the same in good order and condition. Tenant shall promptly, at Tenant's own cost and expense, make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, whether contemplated or not contemplated at the time of execution of this Lease, and shall keep the Property in a well maintained, safe, clean and sanitary condition. The term "repairs" shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the original work. Tenant waives any rights created under any law now or hereafter in force to make repairs to the Improvements at Landlord's expense. Tenant shall keep and maintain all portions of the Property and the sidewalks adjoining the same in a clean and orderly condition, free of accumulation of dirt, rubbish, and graffiti. From time to time during the Term, upon not less than 48 hours prior notice from Landlord, Landlord may enter the Property, or portions thereof, to determine if Tenant is properly maintaining the Property. If, following any such inspection by Landlord, Landlord delivers notice of any deficiency to Tenant, Tenant shall promptly prepare and deliver to Landlord Tenant's proposed plan for remedying the indicated deficiencies. Tenant's failure to deliver a remedial plan and to complete, within a reasonable time, remedial work shall be a default under this Lease (subject to all applicable notice and cure rights of Tenant, Leasehold Mortgagees, and partners of Tenant). Landlord's failure to deliver, following any Landlord's inspection, any notice of deficiency to Tenant, shall not be a waiver of any default by Tenant under this Article XIII. Tenant shall defend, indemnify, and hold Landlord harmless from and against any claim, loss, expense, cost, or liability incurred by Landlord arising out of Tenant's failure to fully and timely fulfill its obligations to maintain and repair the Property as required hereunder.

13.2. Changes and Alterations. Tenant shall not during the Term make any changes or alterations in, to or of the Improvements without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, so long as Tenant complies with all of the following at Tenant's sole cost and expense:

- (i) The change or alteration shall be in harmony with neighboring buildings and shall not materially impair the value or structural integrity of the Improvements.
- (ii) The change or alteration shall be for a use which is permitted hereunder.
- (iii) No change, alteration or addition shall be undertaken until Tenant shall have obtained and paid for, so far as the same may be required from time to time, all permits and

authorizations of any federal, state or municipal government or departments or subdivisions of any of them, having jurisdiction. Landlord shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that Landlord shall incur no liability or expense in connection therewith.

(iv) Any change, alteration or addition shall be made in a good and workmanlike manner and in accordance with all applicable permits and all Applicable Laws.

(v) During the period of initial renovation of, or of construction of any change, alteration or addition in, to or of, the Improvements or of any permitted demolition or new construction or of any restoration, Tenant shall maintain or cause to be maintained property and other applicable insurance described in Article IX, which policy or policies by endorsement thereto, if not then covered, shall also insure any change, alteration or addition or new construction, including all materials and equipment incorporated in, on or about the Improvements (including excavations, foundations and footings) under a broad form all risks builders' risk form or equivalent thereof.

(vi) Tenant shall comply with the provisions of Article VI hereof.

(vii) At Landlord's request, Tenant shall provide Landlord with a copy of as-built drawings for the Improvements within sixty (60) days following the completion of the Improvements.

13.3. Exceptions to Requirement for Consent.

13.3.1. The foregoing notwithstanding, following Landlord's issuance of a Certificate of Completion as provided by the DDLA, Tenant shall not be required to obtain Landlord's prior written consent to any changes, alterations or improvements so long as all the following requirements are met:

(i) The change, alteration, or improvement is nonstructural;

(ii) The change, alteration, or improvement is not visible from the exterior of any building on the Land;

(iii) The change, alteration or improvement has a cost of less than One Hundred Thousand Dollars (\$100,000); and

(iv) The provisions of Article VI are satisfied.

13.3.2. Notwithstanding the foregoing, except in response to emergency situations for which it would not be reasonably practicable or possible to provide such advance notice, Tenant shall deliver to Landlord not later than ten (10) days prior to commencement of any construction, change, alteration or repair, written notice of the proposed work, a general description of the proposed work and sufficient information to permit Landlord to post a notice of non-responsibility on the Property.

13.4. No Right to Demolish. Notwithstanding any other provisions of this Article XIII, Tenant shall have no right to demolish any Improvement, once built, unless Tenant shall have received the prior written consent of Landlord which shall not be unreasonably withheld if the age and condition of the Improvements makes repair or reconstruction impractical or financially infeasible.

ARTICLE 14. EMINENT DOMAIN

14.1. Definitions. The following definitions shall apply in construing the provisions of this Article XIV:

(i) **“Award”** means all compensation, damages or interest, or any combination thereof, paid or awarded for the taking, whether pursuant to judgment, by agreement, or otherwise.

(ii) **“Notice of intended taking”** means any notice or notification on which a reasonably prudent person would rely and would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, the service of a condemnation summons and complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a written notice of intent to take.

(iii) **“Partial taking”** means any taking that is not a total taking, a substantial taking, or a temporary taking.

(iv) **“Substantial taking”** means the taking of so much of the Property that the remaining portion thereof would not be economically and feasibly usable by Tenant for the then existing uses and purposes of the Property, in Tenant’s reasonable judgment, but shall exclude a temporary taking.

(v) **“Taking”** means any taking of or damage, including severance damage, to all or any part of the Property or any interest therein by the exercise of the power of eminent domain, or by inverse condemnation, or a voluntary sale, transfer or conveyance under threat of condemnation in avoidance of the exercise of the power of eminent domain or while condemnation proceedings are pending.

(vi) **“Temporary taking”** means the taking of any interest in the Property for a period of less than one (1) year.

(vii) **“Total taking”** means the taking of all or substantially all of the Property, but shall exclude a temporary taking.

14.2. Notice. The party receiving any notice of the kind specified below shall promptly give the other party and all Leasehold Mortgagees written notice of the receipt, contents and date of the notice received:

- (i) Notice of intended taking;
- (ii) Service of any legal process relating to condemnation of all or any portion of the Property;
- (iii) Notice in connection with any proceedings or negotiations with respect to such a condemnation; or
- (iv) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

14.3. Respective Interests. Landlord and Tenant, and any Leasehold Mortgagee, each shall have the right to represent its respective interest in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of their respective claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the mutual agreement of Landlord and Tenant and any Leasehold Mortgagee. Landlord and Tenant each agree to execute, acknowledge and deliver to the other any instruments that may be reasonably required to effectuate or facilitate the provisions of this Lease relating to condemnation.

14.4. Total or Substantial Taking.

14.4.1. Effect. In the event of a total or substantial taking of fee title to the Property, Tenant's interest in this Lease and all obligations of Tenant subsequently accruing hereunder shall cease as of the date of the vesting of title in the condemning authority; provided, however, that if actual physical possession of all or part of the Property is taken by the condemning authority prior to such date of vesting of title, Tenant's obligations to pay Rent and other sums under this Lease shall terminate as of such earlier date. In the event of a total or substantial taking of an interest in the Property other than fee title, at Tenant's option (exercisable by written notice to Landlord), Tenant's interest in this Lease and all obligations of Tenant subsequently accruing hereunder shall cease as aforesaid.

14.4.2. Award on Total or Substantial Taking. In the event of a total or substantial taking, the Award shall be apportioned as follows, in the following order:

- (i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.
- (ii) To Landlord that portion of the Award equal to the fair market value of the Property. Any "bonus value" attributable to this Lease shall be paid to Landlord.
- (iii) To Tenant, that portion of the Award equal to the fair market value of the Improvements (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above.

(iv) The balance, if any, shall be allocated between Landlord and Tenant respectively in that proportion in which (i) the fair market value of the Property bears to (ii) the fair market value of the Improvements, exclusive of Landlord's reversionary interest.

14.5. Temporary Taking. In the event of a temporary taking, Tenant shall be entitled to the whole Award, and this Lease shall remain in full force and effect.

14.6. Partial Taking.

14.6.1. Effect. In the event of a partial taking, this Lease shall remain in full force and effect, covering the remainder of the Property, and Tenant shall repair and restore any damage to the Improvements caused by such partial taking consistent with and subject to the provisions applicable to a restoration in the event of an insured casualty under Article IX, so that after completion of the restoration the Improvements shall be, as nearly as possible, in a condition as good as the condition immediately preceding the partial taking. The Award for any partial taking shall be deposited and disbursed in the same manner as insurance proceeds are disbursed for restoration pursuant to Article IX, and upon completion of the restoration, any remaining portion of the Award shall be allocated as set forth in Section 14.1.6.1.

14.6.2. Award on Partial Taking. In the event of a partial taking, after application of the Award for restoration pursuant to Section 14.1.6, any remaining portion of such Award shall be apportioned as follows, in the following order:

(i) To Leasehold Mortgagee in an amount equal to the amount owing on the Leasehold Mortgage.

(ii) To Landlord, that portion of the Award attributable to the fair market value of the portion of the Property taken.

(iii) To Tenant, that portion of the Award equal to the fair market value of the portion of the Improvements taken (subject to Landlord's reversionary interest), less the amount paid to the Leasehold Mortgagee pursuant to (a) above, but only to the extent that the proceeds of the Award are not used for restoration of the Improvements.

(iv) The balance, if any, shall be allocated between Landlord and Tenant respectively in that proportion in which (i) the fair market value of the Property bears to (ii) the fair market value of the Improvements exclusive of the reversionary interest of Landlord. Any "bonus value" attributable to this Lease shall be paid to Landlord.

(v) Any severance damages awarded or payable because only a portion of the Property is taken by eminent domain shall be (a) paid to Tenant during the first 27.5 years of this Lease and (b) equally divided between Tenant and Landlord during the next 27.5 years of this Lease (except to the extent needed to replace any Improvements taken by eminent domain with equivalent Improvements on the remainder of the Property).

14.6.3. Tenant in Default. No payments shall be made to Tenant pursuant to this Section if any default by Tenant hereunder has occurred and is continuing unless and until such default is cured.

14.6.4. Partial Taking in Last Five Years. If a partial taking occurs during the last five (5) years of Term and the reasonably estimated cost of reconstruction work exceeds ten percent (10%) of the replacement value of the Improvements, Tenant shall have the right and option to treat the same as a substantial taking by giving written notice thereof to Landlord no later than the earlier of: (a) the date of vesting of title in the condemning authority of the portion of the Property taken, or (b) the date upon which the condemning authority takes physical possession of such portion of the Property. If Tenant does give such notice the partial taking shall be considered as a substantial taking and the taking shall be subject to the provisions of Section 14.1.3.

ARTICLE 15. MORTGAGES

15.1. Leasehold Mortgages. Tenant shall have the right, at any time and from time to time during the Term, to encumber its leasehold interest hereunder with a Leasehold Mortgage or Mortgages subject to Landlord's prior written consent (which consent will not be unreasonably withheld) provided that (a) no Leasehold Mortgage shall in any way impair (except as otherwise stated herein or as provided by law) the enforcement of Landlord's right and remedies herein and by law provided, (b) any such Leasehold Mortgage shall at all times be subject and subordinate to, and shall not affect or become a lien upon Landlord's right, title or estate in the Property or in this Lease, and (c) Tenant shall give Landlord prior written notice of any such Leasehold Mortgage, accompanied by a true and correct copy of any such Leasehold Mortgage. Any Leasehold Mortgage shall be subject to the terms and conditions set forth in this Article XV.

15.2. Rights of Leasehold Mortgagee.

15.2.1. Notices. If Tenant shall have provided Landlord with written notice of the address of any Leasehold Mortgagee, Landlord shall mail to such Leasehold Mortgagee a copy of any notice under this Lease at the time of giving such notice to Tenant, and no such notice shall be effective against such Leasehold Mortgagee, and no termination of this Lease or termination of Tenant's right of possession of the Property or reletting of the Property by Landlord predicated on the giving by Landlord of any notice shall be effective, unless Landlord gives to such Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or termination, as the case may be.

15.2.2. Right to Cure.

(i) In the event of any default by Tenant under the provisions of this Lease, the Leasehold Mortgagee shall have the right, but not the obligation, to remedy or cause to be remedied such default (including the right to enter the Property and to take possession of the Property if necessary to cure the default) within the same cure period as afforded Tenant hereunder, extended by an additional sixty (60) days, which cure period shall commence as against the Leasehold Mortgagee upon the delivery to the Leasehold Mortgagee of the notice of default. Landlord shall accept such performance by the Leasehold Mortgagee as if the same had been done by Tenant.

(ii) The term "**incurable default**" as used herein means any default which cannot be reasonably cured by a Leasehold Mortgagee. The term "**curable default**" means any

default under this Lease which is not an incurable default. Any failure to pay monetary sums shall at all times be deemed a curable default. Any failure to comply with the requirements of Section 7.2 hereof shall at all times be deemed a curable default, and as to Leasehold Mortgagees or any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof), Landlord shall not terminate this Lease provided such party is diligently and in good faith proceeding to cure any such default. In the event of any curable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake the curing of such default, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease, by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property, appoint a receiver, exercise any other remedy under this Lease, or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the curing of such default or effecting such foreclosure, and upon completion of a foreclosure (or assignment or deed in lieu thereof) and obtaining of possession by the Leasehold Mortgagee, the applicable cure period shall be deemed to have been commenced. The foregoing sentence shall not be deemed to extend the time period within which a default in the payment of money must be cured under Section 15.2.2 (a). The Leasehold Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings. Nothing herein shall preclude Landlord from terminating this Lease with respect to any additional default which shall occur during any period of forbearance and not be remedied within the cure period, if any, applicable to any such additional default, except that Leasehold Mortgagee shall have the same rights specified in this Article XV with respect to any additional defaults.

(iii) In the event of any incurable default under this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) of this Lease, the Leasehold Mortgagee shall give Landlord written notice that it intends to exercise its rights to acquire the leasehold interest of Tenant by foreclosure or otherwise, and shall promptly commence and then proceed with diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in effecting such foreclosure and such incurable default shall be deemed cured upon the foreclosure of the Leasehold Mortgage (or assignment or deed in lieu thereof).

(iv) If the default by Tenant pertains to the failure of Tenant to complete construction of the Project within the time period required under Section 6.2 of this Lease, and if prior to the expiration of the applicable grace period specified in Section 15.2.2 (a) of this Lease, the Leasehold Mortgagee shall give Landlord written notice that it intends to undertake to exercise its rights to acquire the leasehold interest of Tenant or possession of the Property by foreclosure or otherwise, and shall promptly commence and then proceed with diligence to do so, whether by foreclosure or otherwise, then Landlord will not terminate or take any action to effect a termination of this Lease or re-enter, take possession of or relet the Property or similarly enforce performance of this Lease so long as the Leasehold Mortgagee is diligently and in good faith engaged in the

completion of the construction of the Project or effecting such foreclosure or acquisition of possession; provided, however, Landlord shall not be obligated to forbear from a termination or other enforcement of its rights under the Lease in response to such default beyond the date which is two (2) years following the date of foreclosure of the Leasehold Mortgage (or deed or assignment in lieu of foreclosure).

(v) If a Leasehold Mortgagee is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings for Leasehold Mortgagee shall be extended for the period of such prohibition.

15.2.3. Execution of New Lease.

(i) If this Lease is terminated for any reason, including by Tenant's trustee in bankruptcy, receiver, liquidator or other similar person on account of a default or if Tenant's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of the Leasehold Mortgagee, or pursuant to judicial proceedings, and if:

(a) All monetary defaults of Tenant have been cured, and

(b) The Leasehold Mortgagee shall have arranged to the reasonable satisfaction of Landlord to cure any other curable default of Tenant under this Lease, then Landlord, within thirty (30) days (or such period as may reasonably be necessary to enable Landlord to comply with statutory requirements applicable to Landlord's lease of real property) after receiving a written request therefor, which shall be given within sixty (60) days after such termination or transfer and upon payment to it of all reasonable out-of-pocket expenses, including attorneys' fees, incident thereto, will execute and deliver a new lease of the Property to the Leasehold Mortgagee or its affiliate or other nominee or to the purchaser, assignee or transferee, as the case may be, for the remainder of the Term, containing the same covenants, agreements, terms, provisions, priority, and limitations, as are contained herein. The tenant under such new lease shall be personally obligated only for the performance of obligations under the Lease commencing as of the date of such foreclosure or assumption, and ending as of the date of any assignment of the Lease to a successor tenant.

(ii) Upon the execution and delivery of a new lease, the new tenant, in its own name or in the name of Landlord may take all appropriate steps as shall be necessary to remove Tenant from the Property, but Landlord shall not be subject to any liability for the payment of fees, including attorneys' fees, costs or expenses in connection therewith, and the new tenant shall pay all such fees, including attorneys' fees, costs and expenses, on demand, and shall make reimbursement to Landlord of all such fees, including attorneys' fees, costs and expenses, incurred by Landlord. Tenant acknowledges and agrees that Landlord shall have no liability whatsoever to Tenant in connection with any such action, and hereby releases Landlord from any claim Tenant may have with respect thereto.

(iii) Following foreclosure or enforcement of a Leasehold Mortgage, or assignment in lieu thereof, Landlord will recognize the purchaser or assignee of the leasehold estate as the Tenant under the Lease.

(iv) After such termination and cancellation of the Lease and prior to the expiration of the period within which the Leasehold Mortgagee may elect to obtain a new lease from Landlord, Landlord shall refrain from terminating any existing sublease or otherwise encumbering the Property or the Improvements without the prior written consent of the Leasehold Mortgagee. Any new lease shall vest in the new lessee all right, title, interest, power and privileges of Tenant hereunder in and to the Property and the Improvements, including, without limitation, the assignment of Tenant's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of Tenant. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of the Lease was superior to the lien of the Leasehold Mortgage that the new lessee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of the Lease, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of the Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee. If more than one entity claims to be the Leasehold Mortgagee that is entitled to a new lease pursuant to this subsection, Landlord shall enter into such new lease with the lender whose mortgage or deed of trust is prior in lien. Landlord, without liability to Tenant or any lender with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state of California as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease.

15.2.4. Tenant Default Under Leasehold Mortgage. If Tenant defaults under a Leasehold Mortgage, the Leasehold Mortgagee may exercise with respect to Tenant's interest in the Property and the Improvements any right, power or remedy under the Leasehold Mortgage which is not in conflict with the provisions of this Lease, including without limitation, judicial or nonjudicial foreclosure of the Leasehold Mortgage (or deed or assignment in lieu thereof), appointment of a receiver, and/or revocation of Tenant's license to collect rents.

15.2.5. No Merger. There shall be no merger of this Lease or any interest in this Lease, nor of the leasehold estate created hereby, with the fee estate in the Property, by reason of the fact that this Lease or such interest therein, or such leasehold estate may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a Leasehold Mortgage to a Leasehold Mortgagee who shall hold the fee estate in the Property or any interest of the Landlord under this Lease.

15.2.6. Assumption of Obligations. For the purpose of this Article XV, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or Transfer of this Lease or of the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such

Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder. The purchaser at any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the leasehold estate hereby created under any instrument or assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, in order to be deemed to be an assignee or transferee and before the same shall be binding on Landlord, must assume in writing the performance of all of the terms, covenants, and conditions on the part of Tenant to be performed hereunder during the period such party holds a leasehold interest in the Property by an instrument, in recordable form, reasonably satisfactory to Landlord; provided however, that nothing contained herein shall be construed to require the purchaser, assignee or transferee as described above to be obligated to cure any default by Tenant.

15.2.7. Limitation of Leasehold Mortgagee Liability for Tenant Defaults. Notwithstanding any contrary provision hereof: (i) no Leasehold Mortgagee shall be required to pay any liens or charges that are extinguished by the foreclosure of its Leasehold Mortgage; (ii) any incurable default shall be, and shall be deemed to have been waived by Landlord upon completion of foreclosure proceedings or acquisition of Tenant's interest in this Lease by any purchaser at a foreclosure sale, or any entity who otherwise acquires Tenant's interest from the Leasehold Mortgagee by deed in lieu of foreclosure. Any entity acquiring the interest of Tenant in the Property and in this Lease as a result of the foreclosure of a Leasehold Mortgage (or an assignment or deed in lieu thereof) acquires an interest in the leasehold only, and shall be liable to perform the obligations of Tenant under this Lease only during the period such entity retains ownership of the interest of Tenant in the Property and in this Lease.

15.3. Non-Subordination of Fee. Nothing in this Lease shall be construed as an agreement by Landlord to subordinate its fee interest in the Property or its right to rent payments hereunder or any other right of Landlord herein. Except as expressly set forth in this Article XV, no Leasehold Mortgage shall impair Landlord's ability to enforce its rights and remedies under this Lease or provided by law. Landlord shall have no obligation to encumber or otherwise subordinate its fee interest in the Property or in this Lease to the interest of any Leasehold Mortgagee in this Lease or in Tenant's leasehold estate.

15.4. Subsequent Transfers. In the event any person or entity becomes the lessee under the Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease obtained under Section 15.2.7, such person or entity may assign or Transfer the Lease or such new lease in compliance with the terms of Article XVI.

15.5. Landlord's Rights Under Leasehold Mortgages.

15.5.1. Notice of Tenant's Default. Tenant shall use best efforts to ensure that every Leasehold Mortgage secured by a deed of trust on Tenant's leasehold estate in the Property shall expressly provide that:

(i) The lender shall give Landlord contemporaneous notice of any default by Tenant thereunder, if the failure to cure such default could reasonably be expected to result in acceleration of the maturity of the debt secured by the Leasehold Mortgage; provided however, that the lender's giving or failure to give notice shall not affect the lender's rights or ability to

timely pursue all applicable remedies, including, but not limited to, filing a notice of default or notice of sale, instituting judicial foreclosure proceedings, or seeking the appointment of a receiver. In addition, within three (3) business days following Tenant's receipt of any notice of default under any financing document affecting the Property, Tenant shall provide Landlord with a copy of such notice.

(ii) Landlord shall have the right to cure any curable default by Tenant (but without obligation to do so) upon the same terms and conditions and within ninety (90) days measured from the date that Landlord receives notice thereof; and

(iii) If Landlord shall tender payment in full of all sums required to be paid under the Leasehold Mortgage or the note secured thereby (disregarding any acceleration of maturity thereunder, but including any costs or expenses arising as a result of such default) on or before ninety (90) calendar days from the date of such notice of default from the lender to Landlord, then the lender shall accept such payment and rescind the acceleration, if any. Any sums paid by Landlord pursuant to this Section 15.5.1 shall become immediately due and payable from Tenant to Landlord as Rent due under this Lease; provided however, that no Leasehold Mortgagee shall be obligated to cure a failure by Tenant to pay such amount pursuant to the rights granted to Leasehold Mortgagees under this Lease and Landlord shall have no right to terminate this Lease as a result of Tenant's failure to pay such amounts.

15.5.2. Landlord shall have the right and option (but not the obligation), during the period described in the last sentence of this paragraph, by notice in writing to the lender, to purchase any Leasehold Mortgage, the note secured thereby, and any other instruments securing or guaranteeing such note or otherwise evidencing any obligation secured by the Leasehold Mortgage. The purchase price therefor shall be the full amount due and owing to the lender thereunder, including any costs, expenses, swap termination fees, and penalties payable in accordance with the terms thereof. The sale and assignment by the lender shall be without recourse or warranty by the lender except that such lender has good title to the note (or is authorized to obtain payment or acceptance on behalf of one who has good title) and has the authority to transfer the loan to the Landlord. The right granted by this paragraph may be exercised by Landlord at any time after the lender has declared the entire sum secured by any Leasehold Mortgage to be due and payable or has commenced proceedings to foreclose any Leasehold Mortgage, and such right shall terminate ninety (90) days following receipt by Landlord of the notice described above.

15.6. No Voluntary Surrender/Modification. Notwithstanding anything to the contrary set forth herein, Landlord will not voluntarily surrender the Lease or accept a voluntary surrender of the Tenant's leasehold estate, and Landlord will not amend or modify the Lease without the prior written consent of (i) all holders of any Leasehold Mortgage then in effect (which such party may withhold in such party's sole discretion), and (ii) the limited partners of Tenant. Landlord will not enforce against any Leasehold Mortgagee any waiver or election made by Tenant under the Lease which has a material adverse effect on the value of Tenant's leasehold estate or the rights of Tenant under the Lease without the prior written consent of such Leasehold Mortgagee (which may be withheld in its sole discretion).

15.7. Leasehold Mortgagee Right to Pay Landlord Obligations. Leasehold Mortgagees identified by written notice by Tenant to Landlord shall have the right, but not the obligation, upon

not less than five (5) business days' prior written notice to Landlord, to pay any taxes payable by Landlord with respect to the Property, and to cure any monetary or nonmonetary default by Landlord under any encumbrance on the Property which has priority over this Lease; and if any Leasehold Mortgagee does so pay or cure any such encumbrance (not including any property taxes or assessments, which are to be paid by Tenant), Landlord agrees that it will reimburse such Leasehold Mortgagee for the amount thereof promptly following Landlord's receipt of Leasehold Mortgagee's written request therefor.

15.8. Amendments for the Benefit of Leasehold Mortgagees. Landlord and Tenant shall cooperate to include in this Lease by reasonable amendment from time to time, reasonable provisions which may reasonably be requested by any proposed Leasehold Mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Lease and allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of the Leasehold Mortgage upon the occurrence of a default under the Lease. Landlord and Tenant each agree to execute and deliver (and acknowledge, if necessary for recording purposes) any agreement reasonably necessary to effect any such amendment; provided however, that any such amendment shall not in any way affect the Term, the Rent payable hereunder, nor otherwise in any material respect adversely affect any rights or materially increase the obligations of Landlord under this Lease.

ARTICLE 16.

ASSIGNMENT, TRANSFER, SUBLETTING

16.1. Restrictions on Transfer or Assignment by Tenant.

16.1.1. Prior to the issuance of a Certificate of Completion for the Project as provided by the DDLA, any sale, transfer, encumbrance, pledge, assignment, conveyance, sublease or other disposition of all or any portion of Tenant's interest in the Property, the Improvements, or this Lease shall be prohibited. Upon issuance and recordation of the Certificate of Completion for the Project as provided by the DDLA, except as permitted pursuant to Article XV and this Article XVI, Tenant shall not sell, transfer, encumber, pledge, assign, convey, sublet or otherwise dispose ("Transfer") all or any portion of its interest in the Property, the Improvements or this Lease voluntarily, involuntarily, by operation of law, or otherwise, without Landlord's prior written consent. Each Transfer shall comply with all requirements therefor set forth elsewhere in this Lease and Tenant shall have no right to hypothecate or encumber its interest in this Lease or sublet or assign all or any portion of the Property and/or the Improvements except as expressly provided under the terms of this Lease. No voluntary or involuntary assignee, sublessee, or successor in interest of Tenant shall acquire any rights or powers under this Lease except as expressly set forth herein.

16.1.2. Exceptions. Notwithstanding any contrary provision of this Lease, Landlord's consent shall not be required, and the provisions of Section 16.2 below shall not be applicable, with respect to the following Transfers: (A) the renting or leasing of residential units to tenants in the ordinary course of business in accordance with the Affordable Housing Covenant; (B) the granting of a Leasehold Mortgage in accordance with Section 15.1 or the foreclosure of a

Leasehold Mortgage or the acquisition of Tenant's interest in this Lease by an assignment or deed in lieu of foreclosure; and (C) the first Transfer following any event described in clause (B) of this sentence. In addition, Landlord shall not unreasonably withhold consent to any Transfer of Tenant's interest in the Property or any portion thereof, to an entity in which _____ ("____"), retains 50% or more of the equity or beneficial interest in said entity and controls such entity, or to a limited partnership in which _____ or its affiliate acts as the general partner, provided Landlord is given the applicable entity organizational documents.

16.2. Procedure for Obtaining Landlord's Consent.

16.2.1. Transfer Request. With respect to each Transfer requiring the Landlord's consent under Section 16.1, Tenant shall send to Landlord written request for Landlord's approval of the Transfer (a "**Transfer Consent Request**") specifying the name and address of the proposed transferee and its legal composition (if applicable). Each Transfer Request shall be accompanied by all of the following:

(i) An audited or certified financial statement of the proposed transferee for the three most recent calendar or fiscal years prepared in accordance with generally accepted accounting procedures by a certified public accounting firm sufficiently current and detailed to evaluate the proposed transferee's assets, liabilities and net worth and certified as true and correct by the proposed transferee;

(ii) A description of the nature of the interest proposed to be transferred, the portion or portions of the Property affected by the Transfer, and the proposed effective date of such Transfer;

(iii) A true and complete copy of the proposed assumption agreement described in Section 16.6 and any other documents relating to the assignment and assumption (including any documents that include payment for the assignment);

(iv) A complete history of the proposed transferee describing its background, its current real estate projects and location thereof, and the background of the principals or personnel to be involved in the development or operation of the portion of the Property subject to the Transfer and stating whether the proposed transferee ever filed for bankruptcy or had projects that were foreclosed;

(v) A description of all projects of the proposed transferee which during the past five (5) years have been the subject of substantial litigation; and

(vi) Any such other information as reasonably requested by Landlord within fifteen (15) days following the receipt of the above information, in order to make an informed decision whether or not to approve or disapprove the Transfer.

16.2.2. Approval of Landlord. Within sixty (60) days following receipt of all the information referred to in Section 16.3 (a), Landlord shall approve or disapprove a proposed transferee with respect to the information supplied which approval shall not be unreasonably withheld (but may be conditioned upon Landlord receipt of all or a portion of any assignment consideration, it being acknowledged that this long term lease does not include any requirement

for payment of periodic rent). If Landlord fails to give Tenant written notice of its disapproval of the transferee or request additional information in writing within such sixty (60) day period, it shall be deemed to have disapproved the transferee.

16.3. Subleases; Nondisturbance, and Attornment. Tenant shall not permit its space tenants to sublease their apartment units. Tenant agrees for the benefit of Landlord that each sublease, rental agreement, and any other agreement for occupancy of any part of the Improvements (each an **“Occupancy Agreement”**): (a) shall state that it is subject to the terms and provisions of this Lease, and (b) shall require that the subtenant under the Occupancy Agreement shall attorn to and accept Landlord as the sublessor or other party under the Occupancy Agreement in the event this Lease is terminated. Landlord agrees that as long as each Occupancy Agreement complies with the requirements of the preceding clauses (a) and (b), then upon the expiration or termination of this Lease, Landlord shall recognize the subtenant or occupant under the Occupancy Agreement as the direct tenant of Landlord under the terms and conditions contained in the Occupancy Agreement and for a term equal to the then unexpired term of the Occupancy Agreement; provided however, that: (i) at the time of the expiration or termination of this Lease no uncured default shall exist under the Occupancy Agreement which at such time would permit the termination of the Occupancy Agreement or the exercise of any dispossession remedy provided for therein; and (ii) Landlord shall not be (x) liable for any prior act or omission of Tenant under the Occupancy Agreement; (y) liable for the return of any security deposit under the Occupancy Agreement not actually received by Landlord; or (z) subject to any offsets or defenses that the subtenant or occupant may have against Tenant. The provisions of this Section 16.3 shall survive the expiration or termination of this Lease.

16.4. Limitations.

16.4.1. Non-Transfer Period. In no event shall Tenant request Landlord to approve any Transfer prior to the date that all of the following shall have occurred:

(i) The construction of the Improvements shall be complete and a Certificate of Completion as provided by the DDLA shall be issued with respect to the Project; and

(ii) All costs and expenses with regard to the construction of the Project and related Improvements shall be paid in full, all lien periods shall have expired and there shall be no liens on the Property, the Improvements, the Landlord’s fee title or any portion thereof.

16.4.2. The provisions of this Section 16.4 (a) shall not be applicable to the granting of a Leasehold Mortgage in accordance with Section 15.1, and shall not be applicable to, or after, the foreclosure of a Leasehold Mortgage or the acquisition of Tenant’s interest in this Lease by assignment or deed in lieu of foreclosure.

16.4.3. No Relief from Liability. No Transfer will limit, diminish, or otherwise relieve Tenant or a successor in interest/assignee of any liability described herein arising during its ownership of the leasehold estate evidenced by this Lease.

16.4.4. No Consent If Bankruptcy. In no event shall Landlord be required to consent or be deemed to consent to a Transfer to a party then subject to any proceedings under any insolvency, bankruptcy or similar laws.

16.4.5. Criteria for Transfer. Among other valid reasons for withholding consent, Landlord shall be deemed to be reasonable in withholding its consent to a proposed Transfer if, among other requirements, either of the following conditions is unsatisfied:

(i) Tenant delivers to Landlord an audited financial statement of the proposed transferee for the three most recent calendar or fiscal years prepared in accordance with generally accepted accounting principles by a recognized certified accounting firm demonstrating that the proposed transferee (or its principals) is a viable, going concern with sufficient financial ability to own, operate and manage the Property; and

(ii) the proposed transferee shall have demonstrated experience operating and managing affordable residential projects similar to the Project.

16.5. Involuntary and Other Transfers.

16.5.1. Without limiting any other restrictions on transfer contained in this Lease, no interest of Tenant in this Lease, the Property or part thereof shall be assignable in the following manner:

(i) Under an order of relief filed, or a plan of reorganization confirmed, for or concerning Tenant by a bankruptcy court of competent jurisdiction under the federal bankruptcy act or the laws of the State of California, whereby any interest in this Lease, the Property or part thereof is assigned to any party which does not qualify as an approved transferee pursuant to this Lease unless such order is filed or such plan is confirmed in connection with an involuntary proceeding brought against Tenant and Tenant reacquires such transferred interest within ninety (90) days after the date such order is filed or such plan is confirmed;

(ii) If Tenant assigns substantially all of its assets for the benefit of its creditors;
or

(iii) If an order of attachment is issued by a court of competent jurisdiction, whereby any interest in this Lease, the Property or part thereof or substantially all of Tenant's assets are attached by its creditors and such order of attachment is not stayed within ninety (90) days after the date it is issued.

16.5.2. The transfers described in this Section 16.5 shall constitute a breach under this Lease by Tenant and Landlord shall have the right to terminate this Lease as a result of any such transfer taking place, in which case this Lease shall not be treated as an asset of Tenant. In such event, a Leasehold Mortgagee may request a new lease in accordance with Section 15.2.3.

16.6. Assumption Agreement and Release. No permitted Transfer shall be effective until any curable default hereunder shall have been cured and there shall have been delivered to Landlord an assumption agreement, executed by the transferor and the proposed transferee, whereby such transferee expressly assumes liability for such Lease obligations as arise and/or accrue during the period in which the transferee retains ownership of the interest of Tenant in the Property and in this Lease. The parties agree that as a condition to any Transfer taking place the transferee shall deliver to Landlord representations and warranties confirming the accuracy of the information

delivered to Landlord concerning its current financial condition and its outstanding or pending liabilities.

16.7. Sale by Landlord. Nothing contained in this Lease shall be deemed in any way to limit, restrict or otherwise affect the right of Landlord to sell, transfer, assign or convey all or any portion of the right, title and estate of Landlord in the Property and in this Lease; provided, however, that in each such instance any such sale, transfer, assignment or conveyance shall be subject to this Lease, and Tenant's other rights arising out of this Lease shall not be affected or disturbed in any way by any such sale, transfer, assignment or conveyance. Any other provision of this Lease to the contrary notwithstanding, each covenant, agreement or obligation of Landlord under this Lease relating to the ownership or use of the Property is intended to and shall constitute a covenant running with the title to the Property and shall be binding upon the owner from time to time of the Property. At such time as Landlord shall sell, transfer, assign or convey the entire right, title and estate of Landlord in the Property and in this Lease, all obligations and liability on the part of Landlord arising under this Lease after the effective date of such sale, transfer, assignment or conveyance shall terminate as to Landlord, and thereupon all such liabilities and obligations shall be binding upon the transferee.

ARTICLE 17. BREACHES, REMEDIES AND TERMINATION

17.1. Event of Default. Tenant shall be in default under this Lease upon the occurrence of any of the following ("**Events of Default**"):

17.1.1. Monetary Obligation. Tenant at any time is in default hereunder as to any monetary obligation (including without limitation, Tenant's obligation to pay taxes and assessments due on the Property or part thereof, subject to Tenant's rights to contest such charges pursuant to Section 5.2), and such default continues for ten (10) days after a notice of default is delivered by Landlord to Tenant;

17.1.2. Insurance. Tenant fails to obtain and maintain any policy of insurance required pursuant to this Lease;

17.1.3. Abandonment. Tenant abandons the Property;

17.1.4. Bankruptcy. Tenant or any general partner of Tenant files a voluntary petition in bankruptcy or files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of Tenant (or any general partner of Tenant) or of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

17.1.5. Reorganization. A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Tenant seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree remains unvacated and unstayed for an aggregate of ninety (90) days from the first date of entry thereof, or any trustee receiver or liquidator of Tenant of all or any substantial part of its property, or of any or all of the royalties, revenues, rents, issues or profits thereof is appointed without the consent or acquiescence of Tenant and such appointment remains unvacated and unstayed for an aggregate of ninety (90) days, such ninety (90) day period to be extended in all cases during any period of a bona fide appeal diligently pursued by Tenant;

17.1.6. Attachment. Subject to Tenant's right to contest the following charges pursuant to Sections 5.2 and 6.6, Tenant fails to pay prior to delinquency taxes or assessments due on the Property or the Improvements or fails to pay when due any other charge that may result in a lien on the Property or the Improvements, and Tenant fails to cure such default within ninety (90) days of the date of delinquency, but in all events prior to the date upon which the holder of any lien has the right to pursue foreclosure thereof;

17.1.7. Transfer. Tenant Transfers all or any portion of Tenant's interest in this Lease, the Property, the Improvements or part thereof in violation of the provisions of Article XVI and fails to rescind such Transfer within ten (10) days after written notice from Landlord

17.1.8. Failure to Comply with Construction Deadlines. Tenant fails to comply with any construction deadlines under Section 6.2 (subject to force majeure delays, as described therein).

17.1.9. Other Obligations. Tenant defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 17.1 and unless a shorter cure period is specified for such default, the default continues for ten (10) days in the event of a monetary default or thirty (30) days in the event of a nonmonetary default after the date upon which Landlord shall have given written notice of the default to Tenant; provided however, if the default is of a nature that it cannot be cured within thirty (30) days, an Event of Default shall not arise hereunder if Tenant commences to cure the default within thirty (30) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion.

17.2. Notice and Opportunity to Cure.

17.2.1. Notice of Breach. Unless expressly provided otherwise in this Lease, no breach by a party shall be deemed to have occurred under this Lease unless another party first delivers to the nonperforming party a written request to perform or remedy (the "**Notice of Breach**"), stating clearly the nature of the obligation which such nonperforming party has failed to perform, and stating the applicable period of time, if any, permitted to cure the default.

17.2.2. Failure to Give Notice of Breach. Failure to give, or delay in giving, Notice of Breach shall not constitute a waiver of any obligation, requirement or covenant required to be performed hereunder. Except as otherwise expressly provided in this Lease, any failure or delay by either party in asserting any rights and remedies as to any breach shall not operate as a waiver

of any breach or of any such rights or remedies. Delay by either party in asserting any of its rights and remedies shall not deprive such party of the right to institute and maintain any action or proceeding which it may deem appropriate to protect, assert or enforce any such rights or remedies.

17.3. Remedies Upon Default.

17.3.1. Landlord's Remedies. Upon the occurrence of any Event of Default and in addition to any and all other rights or remedies of Landlord hereunder and/or provided by law, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV hereof and of any Limited Partner under this Article XVII, Landlord shall have the right to terminate this Lease and/or Tenant's possessory rights hereunder, in accordance with applicable law to re-enter the Property and take possession thereof and of the Improvements, and except as otherwise provided herein, to remove all persons and property therefrom, and to store such property at Tenant's risk and for Tenant's account, and Tenant shall have no further claim thereon or hereunder. In no event shall this Lease be treated as an asset of Tenant after any final adjudication in bankruptcy except at Landlord's option so to treat the same but no trustee, receiver, or liquidator of Tenant shall have any right to disaffirm this Lease.

17.3.2. Remedies Upon Abandonment. If Tenant should breach this Lease and abandon the Property, Landlord may, at its option, but subject in all events to the rights and remedies of Leasehold Mortgagees under Article XV hereof and of any Limited Partner under this Article XVII, enforce all of its rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Property, and all costs, including attorneys' and receiver's fees incurred in connection with the appointment of and performance by a receiver to protect the Property and Landlord's interest under this Lease.

17.3.3. Landlord Right to Continue Lease. In the event of any default under this Lease by Tenant (and regardless of whether or not Tenant has abandoned the Property), this Lease shall not terminate (except by an exercise of Landlord's right to terminate under Section 17.3.1) unless Landlord, at Landlord's option, elects to terminate Tenant's right to possession or, at Landlord's further option, by the giving of any notice (including, without limitation, any notice preliminary or prerequisite to the bringing of legal proceedings in unlawful detainer) to terminate Tenant's right to possession. For so long as this Lease continues in effect, Landlord may enforce all of Landlord's rights and remedies under this Lease, including, without limitation, the right to recover all rent and other monetary payments as they become due hereunder. For the purposes of this Lease, the following shall not constitute termination of Tenant's right to possession: (a) acts of maintenance or preservation or efforts to relet the Property; or (b) the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease.

17.3.4. Right to Injunction; Specific Performance. In the event of a default by Tenant under this Lease that remains uncured beyond any applicable grace periods permitted hereunder, Landlord shall have the right to commence an action against Tenant for damages, injunction, and/or specific performance. Tenant's failure, for any reason, to comply with a court-ordered injunction or order for specific performance shall constitute a breach under this Lease.

17.3.5. Damages Upon Termination. Should Landlord elect to re-enter the Property, or should Landlord take possession pursuant to legal proceedings or to any notice provided by law, this Lease shall thereupon terminate, and Landlord may recover from Tenant all amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things are likely to result therefrom, including all costs (including attorneys' fees) of repossession, removing persons or property from the Property, repairs, reletting, and reasonable alterations of the Improvements in connection with reletting, if any.

17.4. Right to Receiver. Following the occurrence of an Event of Default, if Tenant (and all Leasehold Mortgagees and Limited Partners) fails after delivery of a notice of default or Notice of Breach to cure the default within the time period set forth in this Lease, Landlord, at its option, may have a receiver appointed to take possession of Tenant's interest in the Property with power in the receiver (a) to administer Tenant's interest in the Property, (b) to collect all funds available in connection with the operation of the Property, and (c) to perform all other acts consistent with Tenant's obligations under this Lease, as the court deems proper. Landlord's rights under this Section 17.4 shall be subject and subordinate to the rights of all Leasehold Mortgagees and Limited Partners.

17.5. Remedies Cumulative. No remedy in this Article XVII shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised from time to time and as often as occasion may arise or as may be deemed expedient, subject to any limitations referred to hereinabove.

17.6. No Election of Remedies. The rights given in this Article XVII to receive, collect or sue for any rent or rents, moneys or payments, or to enforce the terms, provisions and conditions of this Lease, or to prevent the breach or nonobservance thereof, or the exercise of any such right or of any other right or remedy hereunder or otherwise granted or arising, shall not in any way affect or impair or toll the right or power of Landlord upon the conditions and subject to the provisions in this Lease to terminate Tenant's right of possession because of any default in or breach of any of the covenants, provisions or conditions of this Lease beyond the applicable cure period.

17.7. Survival of Obligations. Nothing herein shall be deemed to affect the right of Landlord to indemnification for liability arising prior to the termination of the Lease for personal injuries or property damage or in connection with any other Claim, nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief is appropriate. No expiration or termination of the Lease by operation of law, or otherwise, and no repossession of the Property or any part thereof shall relieve Tenant of its previously accrued liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession.

17.8. No Waiver. Except to the extent that Landlord may have agreed in writing, no waiver by Landlord of any breach by Tenant of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be deemed a waiver by Landlord of its rights or remedies with respect to such breach.

ARTICLE 18. GENERAL PROVISIONS

18.1. Estoppel Certificates. At any time and from time to time, Landlord and Tenant, shall for the benefit of any Limited Partner or Leasehold Mortgagee, on at least twenty (20) days' prior written request by the requesting party, deliver to the party requesting same a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the same is in full force and effect as modified and stating the modifications) and the dates to which the Rent has been paid and stating whether or not, to the best knowledge of the certifying party, the other party is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the certifying party may have knowledge and such other statements or certifications reasonably requested. A prospective purchaser, mortgagee, or Limited Partner shall be entitled to request such a statement and rely on a statement delivered hereunder.

18.2. Quiet Enjoyment. Landlord covenants and agrees that Tenant (and pursuant to the provision of Articles XV and XVII, respectively, any Leasehold Mortgagee and Limited Partner, as applicable), upon paying the Rent and all other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Property during the Term of this Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations and conditions of this Lease.

18.3. Landlord's Right to Enter the Property. Landlord and its agents may enter the Property or the Improvements from time to time with reasonable notice (and, upon Tenant's request, when accompanied by representative(s) of Tenant), except for emergencies in which case no notice shall be required, to inspect the same, to post notices of nonresponsibility and similar notices, and to discharge Tenant's obligations hereunder when Tenant has failed to do so within a reasonable time after written notice from Landlord.

18.4. Severability. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

18.5. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Lease shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by either (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (ii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

Landlord: City of Brea
1 Civic Center Circle
Brea, CA 92821
Attention: City Manager

Tenant:

With copies to: [TBD]

Leasehold Mortgagees: [TBD]

18.6. Captions; Construction. The captions used for the sections and articles of this Lease are inserted for convenience only and shall not be used to construe this Lease. The language in all parts of this Lease shall be construed as a whole, according to its fair meaning and not strictly for or against Landlord or Tenant.

18.7. Tenant's Rights. Landlord acknowledges that, subject to Tenant's obligations to pay rent pursuant to the terms of this Lease, Tenant shall have the exclusive right to deduct, claim, retain and enjoy any and all income, appreciation gain, depreciation, amortization and tax credits for federal and state tax purposes relating to the Property and Landlord shall treat Tenant as the tax owner of the Property for federal income tax purposes and shall not file any tax returns inconsistent with this treatment.

18.8. Binding on Successors. Subject to the restrictions on Transfers set forth in Article XVI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

18.9. Short Form of Lease. A memorandum of lease substantially in the form attached hereto as Exhibit B shall be executed by Landlord and Tenant and recorded in the Office of the Orange County Recorder.

18.10. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court for Orange County, California or in the Federal District Court for the Southern District of California.

18.11. Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

18.12. Indemnity Includes Defense Costs. In any case where either party is obligated under an express provision of this Lease, to indemnify and to save the other party harmless from any damage

or liability, the same shall be deemed to include defense of the indemnitee by the indemnitor, such defense to be through legal counsel reasonably acceptable to the indemnitee.

18.13. No Brokers; No Third-Party Beneficiaries. Landlord represents that it has not engaged any broker or agent to represent Landlord in this transaction. Tenant represents that it has not engaged any broker or agent to represent Tenant in this transaction. Each party agrees to indemnify and hold the other harmless from and against any and all liabilities or expenses, including attorneys' fees and costs, arising out of, or in connection with claims made by any broker or individual for commissions or fees as a result of the acts of the indemnifying party. There shall be no third-party beneficiaries to this Lease other than the Leasehold Mortgagees and Limited Partners.

18.14. Disclaimer of Partnership, Lender/Borrower Relationship. The relationship of the parties under this Lease is solely that of landlord and tenant, and it is expressly understood and agreed that Landlord does not as a result of this Lease in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise. This Lease is not intended to, and shall not be construed to, create the relationship of principal and agent, partnership, joint venture, association, or seller and buyer as between Landlord and Tenant. It is further expressly understood and agreed that this Lease is not intended to, and shall not be construed to create the relationship of lender and borrower, and Landlord does not, solely as a result of this Lease, become a lender to Tenant.

18.15. Entire Agreement; Amendments. This Lease together with the DDLA, the Affordable Housing Covenant and the other documents executed in connection with the DDLA contains the entire agreement between the parties relative to the subject matter hereof. All previous correspondence, communications, discussions, agreements, understandings or proposals and acceptances thereof between the parties or their representatives, whether oral or written, are deemed to have been integrated into and superseded by this Lease and are of no further force and effect except as expressly provided in this Lease. No amendment or modification hereof shall be effective for any purpose unless in writing signed by Landlord and Tenant.

18.16. Time is of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation, and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

18.17. Survival. The following provisions shall survive the expiration or termination of this Lease: all representations made by Tenant hereunder, Tenant's release of Landlord pursuant to Section 2.6, Tenant's indemnification and defense obligations hereunder and all other provisions of this Lease which state that they shall survive the expiration or termination of this Lease.

18.18. Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this

Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

18.19. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

18.20. Action by the Landlord. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the Landlord is required or permitted under this Lease, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the governing board of the Landlord.

18.21. Books and Records; Inspection of Books and Records. Tenant shall keep and maintain at the Project, or elsewhere with City's written consent, full, complete, and accurate books, records, and accounts relating to the Project, including such books, records, and accounts necessary to document Developer's compliance with this Lease and prevailing wage laws. Upon request, Tenant shall permit the Landlord to inspect those books, records and all other documents of Tenant necessary to determine Tenant's compliance with the terms of this Agreement.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the Effective Date.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

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**EXHIBIT A
TO GROUND LEASE**

Legal Description of the Property

(Attached)

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**EXHIBIT B
TO GROUND LEASE**

FORM OF MEMORANDUM OF LEASE

(Attached)

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

City of Brea
1 Civic Center Circle
Brea, CA 92821

This document is exempt from
recording fees pursuant to
Government Code § 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

THE UNDERSIGNED DECLARE:

Documentary Transfer Tax is \$0.00; City Transfer Tax is \$0.00.

Conveyance for no consideration (long term lease with no rent).

THIS MEMORANDUM OF GROUND LEASE ("**Memorandum**"), dated for identification purposes as of _____, 20__, is entered into by and between the CITY OF BREa, a municipal corporation ("**City**"), and Jamboree Housing Corporation, a California nonprofit corporation ("**Developer**").

Pursuant to that certain Ground Lease dated _____, 202_ (the "Lease"), Landlord hereby leases to Tenant and Tenant leases from Landlord certain real property situated in the City of Brea, California, more specifically described on Exhibit A attached hereto (the "Site").

City has determined and found that the Site is in excess of its foreseeable needs.

The term of the Lease commences as of the date of the Lease, and shall continue until the date that is fifty-five (55) years after the completion of the housing project described in the Lease (as evidenced by a final Certificate of Occupancy), unless sooner terminated pursuant to the terms of the Lease.

All of the terms of the Lease are hereby incorporated herein by reference.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of date set forth above.

LANDLORD:
CITY OF BREA,
a municipal corporation

TENANT:

By: _____
Bill Gallardo, City Manager

By: _____
Signature

ATTEST:

Print Name

Print Title

Lillian Harris-Neal, City Clerk

APPROVED AS TO FORM:

By: _____
Signature

Print Name

Terence Boga, City Attorney

Print Title

EXHIBIT A
To Memorandum of Lease

LEGAL DESCRIPTION

(Attached)

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EXHIBIT H
PRELIMINARY FINANCING PLAN

(Attached)

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RESOLUTION NO. _____

**A RESOLUTION OF THE BREA CITY COUNCIL MAKING AN EXEMPT
SURPLUS LAND DETERMINATION FOR THE CITY-OWNED PARCEL
AT 328 NORTH BREA BOULEVARD (APN 296-301-02) AND
APPROVING A CEQA EXEMPTION DETERMINATION**

A. RECITALS.

(i) The City of Brea, in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency, is the owner in fee simple of that certain real property located in the City at 328 North Brea Boulevard (the "Property"), which is also designated as Assessor's Parcel Number 296-301-02 and legally described in Exhibit "A" to the Resolution, which is hereby incorporated as set forth in full.

(ii) The Property is vacant, undeveloped, and not currently being used by the City. The Property has been evaluated for its potential to be used for City work or operations, including City facilities, and City staff has determined that the Property is not currently suitable for the City's use.

(iii) The Property is approximately 0.44 acres in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.

(iv) The Property is not within a coastal zone, is not adjacent to a historical unit of the State Parks System, is not listed on the National Register of Historic Places and has not been determined by the State Office of Historic Preservation to be eligible for such listing, and is not located within the Lake Tahoe region.

(v) Under the Surplus Property Act (Government Code §§ 54220-54234), the City may dispose of property declared to be exempt surplus land without further regard to the requirements of that statute.

(vi) The City Council desires to declare that the Property is exempt surplus land and not necessary for the City's use.

(vii) All legal prerequisites to adoption of this Resolution have occurred.

B. RESOLUTION.

NOW, THEREFORE, the City Council of the City of Brea does hereby find, determine, and resolve as follows:

SECTION 1. All facts set forth above in Part A, Recitals, are true and correct.

SECTION 2. This Resolution is based on facts set forth above, the entirety of the administrative record in this matter, and the independent judgment of the City Council.

SECTION 3. The City Council hereby declares and determines that the Property is exempt surplus land and not necessary for the City's use. As required by Government Code Section 54221(f)(1)(B), the Property is less than one-half acre in size and not contiguous with any property owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. As required by Government Code Section 54221(f)(2), the Property is not within a coastal zone, is not adjacent to a historical unit of the State Parks System, is listed on the National Register of Historic Places and has not been determined by the State Office of Historic Preservation to be eligible for such listing, and is not located within the Lake Tahoe region.

SECTION 4. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*) ("CEQA"). Staff has determined that adoption of this Resolution will not result in a direct or reasonably foreseeable indirect physical change in the environment and therefore exempt from CEQA pursuant to State CEQA Guidelines Section 150610(b)(3).

SECTION 5. The officers and staff of the City are hereby authorized and directed, jointly and severally, to take any and all actions they may deem necessary or proper to effectuate the purposes of this Resolution.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution.

ADOPTED this 7th day of May, 2024, by the following votes:

Christine Marick
Mayor

ATTEST:

Lillian Harris-Neal
City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the ____ day of _____, 2024 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

Dated: _____

Lillian Harris-Neal
City Clerk

Exhibit "A"
to Resolution No. _____

Legal Property Description`

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK
7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE
COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

APN: 296-301-02

City of Brea

BOARD COMMUNICATION

TO: Honorable Chair and Board Members
FROM: David Crabtree, Community Development Director
DATE: 10/12/2017
SUBJECT: Sale of Successor Agency Owned Property Located at 323 N. Brea Blvd.

RECOMMENDATION

Adopt resolution authorizing the sale of real property to the recommended buyer.

BACKGROUND

With the elimination of redevelopment in California in 2012, successor agencies to the former redevelopment agencies were directed by the State to prepare a Long Range Property Management Plan (LRPMP) to govern the disposition and use of the former Agency's non-housing properties. Brea's LRPMP, approved by the State Department of Finance (DOF) in December 2015, included selling three undeveloped lots in the Downtown Brea area. The Successor Agency and Oversight Board approved the Purchase and Sale agreements for two of the properties owned by the Successor Agency and the transactions were completed.

The third property, located at 323 N. Brea Blvd is a 19,044 square foot undeveloped property zoned mixed use I. Previous offers were received and a buyer was selected. However, the selected buyer changed their mind the day escrow was to open. When the City Council, in their role as Successor Agency, reviewed the remaining purchase proposals, they decided the City of Brea acting as Housing Successor should purchase this property for a future affordable housing project. There is a housing crisis in California and Brea is losing affordable units as covenants expire on some of the older affordable projects done by the former Redevelopment Agency in its early days.

The Successor Agency has authorized the sale contingent upon approval by the Oversight Board. The Board is asked to adopt a resolution approving the execution of that agreement.

FISCAL IMPACT

The Housing Successor will purchase the property for the full asking price of \$800,000, which was determined by the market evaluation performed by brokers Lee and Associates. Per the Long Range Property Management Plan, the sale proceeds after the costs of selling the property will be sent to the County Auditor-Controller for distribution to the taxing entities.

The Oversight Board is asked to adopt a resolution to authorize the sale of property at 323 North Brea Boulevard to the City of Brea acting as Housing Successor. This property was acquired by the former redevelopment agency for redevelopment purposes in the Downtown Brea area. Current State legislation requires that it be sold per the terms approved in the Long Range Property Management Plan and that the sales proceeds be distributed to the

various taxing entities, including the City of Brea.

SIGNATURE BLOCK

Respectfully Submitted by: David Crabtree, Community Development Director

Prepared by: Kathie DeRobbio, Economic Development Manager

Concurrence: David Crabtree, Community Development Director

Attachments

Resolution OB 2017-14

Purchase and Sale Agreement

SA Resolution 2017-10

RESOLUTION NO. OB 2017-14

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, APPROVING THE SUCCESSOR AGENCY'S EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT FOR THE SALE OF A PROPERTY LOCATED AT 323 N BREA BLVD AND TAKING RELATED ACTIONS

A. RECITALS:

(i) Pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the former Brea Redevelopment Agency (the "Former Agency") was dissolved as of February 1, 2012, the Successor Agency to the Brea Redevelopment Agency (the "Successor Agency") was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the "Oversight Board") was established;

(ii) AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code ("HSC") (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "Dissolution Act");

(iii) Pursuant to HSC Section 34175(b), all real properties (and interests in real properties) of the Former Agency, transferred to the control of the Successor Agency by operation of law;

(iv) Pursuant to HSC Section 34191.5(b), the Successor Agency prepared a Long Range Property Management Plan which addresses the disposition and use of the real properties (and interests in real property) of the Former Agency;

(v) The Oversight Board previously adopted Resolution No. OB 2013-09 (on December 3, 2013), Resolution No. OB 2015-01 (on January 20, 2015), Resolution No. OB 2015-04 (on April 20, 2015), Resolution No. OB 2015-09 (on November 19, 2015) and Resolution No. OB 2015-10 (on December 21, 2015), approving the Successor Agency's Long Range Property Management Plan and four amendments thereto (as so amended, the "LRPMP");

(vi) The California State Department of Finance (the "DOF") issued an approval letter on December 29, 2015, indicating that the DOF has reviewed and approved the LRPMP;

(vii) Pursuant to HSC Section 34191.3(a), the DOF-approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all real property assets of the Former Agency;

(viii) The LRPMP, as approved by the DOF, contemplates the sale of a property (the "Property") located at 323 N Brea Boulevard, Brea which is identified in the LRPMP as Property No. 2;

(ix) In order to implement the LRPMP, the Successor Agency retained Lee and Associates real estate brokers to conduct a market evaluation and determine an asking sale price of the Property based on comparables, and the asking price was set at \$800,000;

(x) The Successor Agency authorized the sale of the Property to the City acting in its capacity as the successor to the housing assets and funds of the Redevelopment Agency and the City Council adopted a resolution accepting the Property contingent upon Oversight Board approval;

(xi) Attached to this Resolution as Attachment A is the form of a Purchase and Sale Agreement and Joint Escrow Instructions (the "Sale Agreement"), to be entered by and between the Successor Agency and the Buyer;

(xii) The Oversight Board has received a copy of Resolution No. SA 2017-10, adopted by the City Council of the City of Brea, acting as the Successor Agency on September 5, 2017, requesting the Oversight Board to approve the Successor Agency's execution and delivery of the Sale Agreement and the sale of Property pursuant to the terms of the Sale Agreement;

(xiii) Notice of the proposed action presented in this Resolution was posted beginning on September 29, 2017;

(xiv) Pursuant to HSC Section 34191.5(f), this Resolution (pertaining to actions to implement the LRPMP) will become effective upon adoption without any requirement for submission to the DOF for additional review;

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the Oversight Board of the Successor Agency to the Brea Redevelopment Agency, as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.

2. This Oversight Board hereby approves and directs the Successor Agency's execution and delivery of the Sale Agreement and the sale of the Property pursuant to the terms of the Sale Agreement.

3. The officers of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the

purposes of this Resolution and the Sale Agreement, and any such actions previously taken are hereby ratified and confirmed.

4. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"). Pursuant to the State CEQA Guidelines (14 Cal Code Regs 15000 et seq.) (the "Guidelines"), the Oversight Board has determined that the actions taken under this Resolution are not a project pursuant to CEQA and is exempt therefrom because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (Guidelines Section 15378(b)(5)). Staff of the Successor Agency, is hereby authorized to prepare and post a notice of exemption pursuant to Guidelines Section 15062.

APPROVED AND ADOPTED this 12th day of October 2017.

Bill Gallardo, Chair

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was passed at a special meeting of the Oversight Board for the Successor Agency to the Brea Redevelopment Agency, held on the 12th day of October 2017, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

DATE: October 12, 2017

Lillian Harris-Neal, City Clerk

ATTACHMENT A

Purchase and Sale Agreement

(substantial final form)

**AGREEMENT FOR PURCHASE AND SALE
AND JOINT RECORDING INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT RECORDING INSTRUCTIONS (this "Agreement") is dated as of September 5, 2017, and is entered into by and between the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a California public entity ("Seller"), and the CITY OF BREA, a California municipal corporation, in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency ("Buyer").

RECITALS

- A. Seller is the owner of the land described on Exhibit "A" (the "Property").
- B. Buyer desires to purchase the Property, and Seller desires to sell the Property to Buyer.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual terms and covenants set forth therein and herein, other consideration, the sufficiency of which is hereby acknowledged, Buyer and Seller agree as follows:

1. CONDITIONS; PURCHASE PRICE.

1.1 Conditions. The obligation of Seller to sell the Property is conditioned upon the approval of this Agreement by the Oversight Board of Seller and the failure of the California Department of Finance to object to the Oversight Board's decision within the time permitted by law.

1.2 Sale and Purchase. Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions hereinafter set forth.

1.3 Purchase Price. The purchase price for the Property shall be Eight Hundred Thousand and No/100 Dollars (\$800,000.00) ("Purchase Price") which Buyer and Seller have determined is the fair market value of the Property based on a broker's opinion of value.

2. TITLE.

2.1 General. Title to the Property shall be conveyed by a grant deed in the form attached hereto as Exhibit "B", and shall be evidenced by a CLTA Standard Coverage Form of Owner's Policy of Title Insurance, or an ALTA Extended Coverage Form Policy if Buyer elects such coverage as provided in Section 2.3 hereof, with the extra cost of any such ALTA coverage borne by Buyer. Title Policy shall be issued by Commonwealth Land Title Company ("Title Company"), with liability in the full amount of the applicable purchase price, insuring title to the Property as vested in Buyer, free and clear of all liens and encumbrances and other matters affecting title, except the following (which shall constitute "Approved Title Exceptions"):

2.1.1 Assessments not yet due; and

2.1.2 All title exceptions in that certain preliminary report dated August 17, 2017 issued by the Title Company.

2.2 Acts After Date of Agreement. During the period from the date of this Agreement through the earlier of the termination of this Agreement or the sale of the Property to Buyer under this Agreement, Seller shall not alter, improve or further encumber the Property.

3. [INTENTIONALLY OMITTED]

4. RECORDING.

4.1 Agreement to Constitute Recording Instructions. This Agreement shall constitute recording instructions, and a copy hereof shall be delivered to the Title Company for that purpose; however, the parties shall execute such further instructions as Title Company reasonably requires in order to clarify the duties and responsibilities of Title Company. Additionally, each party may send unilateral closing instructions to the Title Company to facilitate closing.

4.2 [INTENTIONALLY OMITTED]

4.3 Closing. For the purposes of this Agreement, "Closing" shall be the date on which a grant deed in favor of Buyer is recorded in the Official Records of the Orange County Recorder's Office. Provided all of Seller's and Buyer's obligations hereunder have been performed and all the conditions set forth in this Agreement have been satisfied, the closing shall occur no later than thirty (30) days after the execution of this Agreement and the satisfaction of the conditions in Section 1.1 above ("Closing Date"). Possession of the Property shall be delivered to Buyer upon the Closing Date.

4.4 Seller Required to Deliver. Before the Closing Date, Seller shall deliver to the Title Company the following:

4.4.1 A grant deed conveying the Property to Buyer, in the form attached hereto as Exhibit "B", duly executed by Seller and acknowledged (the "Grant Deed");

4.4.2 Any other documents contemplated by this Agreement or required by the Title Company to be delivered by Seller to carry out this transaction.

4.5 Buyer Required to Deliver. Before the Closing Date, Buyer shall deliver to the Title Company:

4.5.1 Net costs to be paid by Buyer under Section 4.9 below;

4.5.2 An executed and acknowledged Certificate of Acceptance in the form attached to the form of Grant Deed (Exhibit "B"); and

4.5.3 Any other reasonable documents contemplated by this Agreement or required by Title Company to be delivered by Buyer to carry out this transaction.

4.6 Conditions to the Closing. Buyer's obligation to proceed with the purchase of the Property is subject to the satisfaction of the following conditions precedent, which are for Buyer's benefit and may be waived only by Buyer:

4.6.1 Seller shall have performed all agreements to be performed by Seller hereunder.

4.6.2 Title Company shall have issued or shall have committed to issue the Title Policy to Buyer, for the amount of the applicable Purchase Price, showing fee title to be vested in Buyer subject only to the Approved Title Exceptions.

4.7 Recordation of Grant Deed; Delivery of Funds. Upon receipt of the funds and documents described in this Section 4, and satisfaction (or express written waiver) of the closing conditions, Title Company shall cause the Grant Deed to be recorded in the office of the County Recorder of Orange County, California, and City shall then deliver the Purchase Price (less appropriate charges) to Seller.

4.8 Prorations. All assessments shall be prorated between Buyer and Seller as of the Closing based on the latest available tax information. All prorations shall be determined on the basis of a 360-day year.

4.9 Costs.

4.9.1 Seller shall pay:

- (a) The premium for the CLTA Standard Title Policy;
- (b) Any other closing costs or charges not expressly provided for herein and customarily paid by a seller of real property in Orange County, California.

4.9.2 Buyer shall pay:

- (c) The extra cost of an ALTA extended title policy if elected by Buyer; and
- (d) Any other closing costs or charges not expressly provided for herein and customarily paid by a buyer of real property in Orange County, California.

4.10 Broker's Commissions. Buyer and Seller represent to one another that except for Lee & Associates, who represents Seller, no broker or finder or salesperson has been engaged by it in connection with the transaction contemplated by this Agreement, or to its knowledge is in any way connected with such transaction. Seller will pay its broker a commission pursuant to a separate written agreement with its broker. Each party shall

indemnify, defend, protect and hold harmless the other party and its employees, agents, representatives, council members, attorneys, successors and assigns, from and against all claims of any agent, broker, finder or other similar party arising from or in connection with its (i.e., the indemnifying party's) communications or agreements with any broker, finder or salesperson other than the broker named above.

5. ATTORNEYS' FEES. In any action between Buyer and Seller seeking enforcement of any of the terms and provisions of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.

6. NOTICES. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and sent by overnight (for next business day delivery) or certified mail, postage prepaid, return receipt requested, or sent overnight (for next day business delivery) by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To Buyer or Seller: One Civic Center Circle
Brea, California 92801
Attention: Community Development Director

Delivery of any notice or other communication hereunder shall be deemed made on the date indicated in the return receipt or courier's records as the date of delivery or first attempted delivery. Any party may change its address for purposes of this Section by giving notice to the other party as herein provided.

7. ASSIGNMENT. Neither this Agreement nor any interest herein may be assigned by either party without the prior written consent of the other party.

8. ENTIRE AGREEMENT. This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose.

9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

10. TIME OF THE ESSENCE. Time is of the essence of every provision of this Agreement in which time is a factor.

11. THIRD PARTIES. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

12. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a

court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement upon written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability.

13. ADDITIONAL DOCUMENTS. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. AUTHORITY OF CITY MANAGER/EXECUTIVE DIRECTOR OF SELLER. The City Manager/Executive Director of Buyer and Seller may: (i) give any and all notices, waivers, consents and terminations hereunder on behalf of Seller and Buyer provided they are in writing; and (ii) amend this Agreement provided the amendment(s) are in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

CITY OF BREA

By: _____

Cecilia T. Hupp,
Mayor

Attest:

Lillian Neal-Harris, City Clerk

APPROVED AS TO FORM:

James Markman, City/SA Attorney

SELLER:

SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY

By: _____

Cecilia T. Hupp,
Chairperson of the Board

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN

BOOK 7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

Assessor's Parcel Number: 296-301-02

EXHIBIT “B”

FORM OF GRANT DEED

(Attached.)

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brea
One Civic Center Circle
Brea, CA 92801
Attn: City Clerk

APN: 296-301-02

[SPACE ABOVE FOR RECORDER'S USE ONLY]

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES AS FOLLOWS:

The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383.

Exempt from Documentary Transfer Tax; transfer to a public entity.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY (“**Grantor**”) hereby grants to the CITY OF BREA, a California municipal corporation in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency (“**Grantee**”), the land located in the County of Orange, State of California, more particularly described on **Exhibit “A”** attached hereto and incorporated herein by reference and all improvements thereon.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: _____, 2017

SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY

By: _____
Cecilia T. Hupp,
Chairperson of the Board

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

State of California)
County of Orange)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A
to Grant Deed

LEGAL DESCRIPTION

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN

BOOK 7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by that certain Grant Deed dated _____, 2017 from the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, to the CITY OF BREA, is hereby accepted by the undersigned officer on behalf of the CITY OF BREA pursuant to authority conferred by City Council action on _____, 2017 and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF BREA

By: _____
William Gallardo, Jr.,
City Manager

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

State of California)
County of Orange)

On _____, 2017, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

RESOLUTION NO. SA 2017-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, ACTING AS THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT REGARDING THE SUCCESSOR AGENCY'S SALE OF A PROPERTY LOCATED AT 323 N BREA BOULEVARD AND TAKING RELATED ACTIONS

A. RECITALS:

(i) Pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the former Brea Redevelopment Agency (the "Former Agency") was dissolved as of February 1, 2012, the Successor Agency to the Brea Redevelopment Agency (the "Successor Agency") was constituted as the successor entity to the Former Agency, and an oversight board of the Successor Agency (the "Oversight Board") was established;

(ii) AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code ("HSC") (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "Dissolution Act");

(iii) Pursuant to HSC Section 34175(b), all real properties (and interests in real properties) of the Former Agency, transferred to the control of the Successor Agency by operation of law;

(iv) Pursuant to HSC Section 34191.5(b), the Successor Agency prepared a Long Range Property Management Plan which addresses the disposition and use of the real properties (and interests in real property) of the Former Agency;

(v) The Oversight Board previously adopted Resolution No. OB 2013-09 (on December 3, 2013), Resolution No. OB 2015-01 (on January 20, 2015), Resolution No. OB 2015-04 (on April 20, 2015), Resolution No. OB 2015-9 (on November 19, 2015) and Resolution No. OB 2015-10 (on December 21, 2015), approving the Successor Agency's Long Range Property Management Plan and three amendments thereto (as so amended, the "LRPMP");

(vi) The California State Department of Finance (the "DOF") issued an approval letter on December 29, 2015, indicating that the DOF has reviewed and approved the LRPMP;

(vii) Pursuant to HSC Section 34191.3(a), the DOF-approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all real property assets of the Former Agency;

(viii) The LRPMP, as approved by the DOF, contemplates the sale of a property (the "Property") located at 323 N Brea Boulevard, Brea – identified in the LRPMP as Property No. 3;

(ix) In order to implement the LRPMP, the Successor Agency retained a broker to determine an estimate for the sale price of the Property based on comparables and to facilitate the sale;

(x) The Successor Agency has received an offer of \$800,000 for the purchase of the Property from the City of Brea acting in its capacity as the successor to the housing assets and funds of the former Redevelopment Agency (the "Buyer");

(xi) Attached to this Resolution as Attachment A is the form of a Purchase and Sale Agreement and Joint Recording Instructions (the "Sale Agreement"), to be entered by and between the Successor Agency and the Buyer;

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea, acting as the Successor Agency to the Brea Redevelopment Agency, as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.
2. The Sale Agreement, in the form attached hereto as Exhibit A, and the sale of the Property pursuant to the terms of the Sale Agreement are hereby approved, subject to the proviso set forth in Section 4 below.
3. The Successor Agency is hereby requested to approve the Successor Agency's execution and delivery of the Sale Agreement and the sale of Property pursuant to the terms of the Sale Agreement. The City Clerk is hereby directed to transmit this Resolution to the Oversight Board for consideration at the earliest possible date.
4. Each of the Mayor of the City (or, in the Mayor's absence, the Mayor Pro Tem of the City) and the City Manager, who is appointed the Successor Agency's Executive Director (together, the "Authorized Officers), acting individually, is hereby authorized, for and in the name and on behalf of the Successor Agency, execute and deliver the Sale Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof); provided that such execution shall occur after the Oversight Board's adoption of its resolution approving the execution and delivery of the Sale Agreement.

5. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"). Pursuant to the State CEQA Guidelines (14 Cal Code Regs 15000 et seq.) (the "Guidelines"), the Successor Agency has determined that the actions taken under this Resolution are not a project pursuant to CEQA and is exempt therefrom because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (Guidelines Section 15378(b)(5)). Staff of the Successor Agency, is hereby directed to prepare and post a notice of exemption pursuant to Guidelines Section 15062.

6. The Authorized Officers and other officers and Staff members of the Successor Agency are hereby authorized, jointly and severally, to do all things (including but not limited to the execution of any certificates or other instruments) which they may deem necessary or proper to effectuate the purposes of the Deed, the Assignment Agreement and this Resolution, and any such actions previously taken are hereby ratified and confirmed.

7. This Resolution will become effective upon adoption.

APPROVED AND ADOPTED this 5th Day of September, 2017

ATTEST:


Lillian Harris-Neal, City Clerk


Cecilia Hupp, Mayor



I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was passed at a regular meeting of the City Council of the City of Brea, held on the 5th day of September, 2017, by the following vote:

AYES: COUNCIL MEMBERS: Hupp, Parker, Marick, Simonoff, Vargas

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

DATE: September 5, 2017



ATTEST:


Lillian Harris-Neal, City Clerk

ATTACHMENT A

Purchase and Sale Agreement and Joint Recording Instructions
(substantial final form)

**AGREEMENT FOR PURCHASE AND SALE
AND JOINT RECORDING INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT RECORDING INSTRUCTIONS (this "Agreement") is dated as of September 5, 2017, and is entered into by and between the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a California public entity ("Seller"), and the CITY OF BREA, a California municipal corporation, in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency ("Buyer").

RECITALS

- A. Seller is the owner of the land described on Exhibit "A" (the "Property").
- B. Buyer desires to purchase the Property, and Seller desires to sell the Property to Buyer.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual terms and covenants set forth therein and herein, other consideration, the sufficiency of which is hereby acknowledged, Buyer and Seller agree as follows:

1. **CONDITIONS; PURCHASE PRICE.**

1.1 **Conditions.** The obligation of Seller to sell the Property is conditioned upon the approval of this Agreement by the Oversight Board of Seller and the failure of the California Department of Finance to object to the Oversight Board's decision within the time permitted by law.

1.2 **Sale and Purchase.** Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions hereinafter set forth.

1.3 **Purchase Price.** The purchase price for the Property shall be Eight Hundred Thousand and No/100 Dollars (\$800,000.00) ("Purchase Price") which Buyer and Seller have determined is the fair market value of the Property based on a broker's opinion of value.

2. **TITLE.**

2.1 **General.** Title to the Property shall be conveyed by a grant deed in the form attached hereto as Exhibit "B", and shall be evidenced by a CLTA Standard Coverage Form of Owner's Policy of Title Insurance, or an ALTA Extended Coverage Form Policy if Buyer elects such coverage as provided in Section 2.3 hereof, with the extra cost of any such ALTA coverage borne by Buyer. Title Policy shall be issued by Commonwealth Land Title Company ("Title Company"), with liability in the full amount of the applicable purchase price, insuring title to the Property as vested in Buyer, free and clear of all liens and encumbrances and other matters affecting title, except the following (which shall constitute "Approved Title Exceptions"):

2.1.1 Assessments not yet due; and

2.1.2 All title exceptions in that certain preliminary report dated August 17, 2017 issued by the Title Company.

2.2 Acts After Date of Agreement. During the period from the date of this Agreement through the earlier of the termination of this Agreement or the sale of the Property to Buyer under this Agreement, Seller shall not alter, improve or further encumber the Property.

3. [INTENTIONALLY OMITTED]

4. RECORDING.

4.1 Agreement to Constitute Recording Instructions. This Agreement shall constitute recording instructions, and a copy hereof shall be delivered to the Title Company for that purpose; however, the parties shall execute such further instructions as Title Company reasonably requires in order to clarify the duties and responsibilities of Title Company. Additionally, each party may send unilateral closing instructions to the Title Company to facilitate closing.

4.2 [INTENTIONALLY OMITTED]

4.3 Closing. For the purposes of this Agreement, "Closing" shall be the date on which a grant deed in favor of Buyer is recorded in the Official Records of the Orange County Recorder's Office. Provided all of Seller's and Buyer's obligations hereunder have been performed and all the conditions set forth in this Agreement have been satisfied, the closing shall occur no later than thirty (30) days after the execution of this Agreement and the satisfaction of the conditions in Section 1.1 above ("Closing Date"). Possession of the Property shall be delivered to Buyer upon the Closing Date.

4.4 Seller Required to Deliver. Before the Closing Date, Seller shall deliver to the Title Company the following:

4.4.1 A grant deed conveying the Property to Buyer, in the form attached hereto as Exhibit "B", duly executed by Seller and acknowledged (the "Grant Deed");

4.4.2 Any other documents contemplated by this Agreement or required by the Title Company to be delivered by Seller to carry out this transaction.

4.5 Buyer Required to Deliver. Before the Closing Date, Buyer shall deliver to the Title Company:

4.5.1 Net costs to be paid by Buyer under Section 4.9 below;

4.5.2 An executed and acknowledged Certificate of Acceptance in the form attached to the form of Grant Deed (Exhibit "B"); and

4.5.3 Any other reasonable documents contemplated by this Agreement or required by Title Company to be delivered by Buyer to carry out this transaction.

4.6 Conditions to the Closing. Buyer's obligation to proceed with the purchase of the Property is subject to the satisfaction of the following conditions precedent, which are for Buyer's benefit and may be waived only by Buyer:

4.6.1 Seller shall have performed all agreements to be performed by Seller hereunder.

4.6.2 Title Company shall have issued or shall have committed to issue the Title Policy to Buyer, for the amount of the applicable Purchase Price, showing fee title to be vested in Buyer subject only to the Approved Title Exceptions.

4.7 Recordation of Grant Deed; Delivery of Funds. Upon receipt of the funds and documents described in this Section 4, and satisfaction (or express written waiver) of the closing conditions, Title Company shall cause the Grant Deed to be recorded in the office of the County Recorder of Orange County, California, and City shall then deliver the Purchase Price (less appropriate charges) to Seller.

4.8 Prorations. All assessments shall be prorated between Buyer and Seller as of the Closing based on the latest available tax information. All prorations shall be determined on the basis of a 360-day year.

4.9 Costs.

4.9.1 Seller shall pay:

- (a) The premium for the CLTA Standard Title Policy;
- (b) Any other closing costs or charges not expressly provided for herein and customarily paid by a seller of real property in Orange County, California.

4.9.2 Buyer shall pay:

- (c) The extra cost of an ALTA extended title policy if elected by Buyer; and
- (d) Any other closing costs or charges not expressly provided for herein and customarily paid by a buyer of real property in Orange County, California.

4.10 Broker's Commissions. Buyer and Seller represent to one another that except for Lee & Associates, who represents Seller, no broker or finder or salesperson has been engaged by it in connection with the transaction contemplated by this Agreement, or to its knowledge is in any way connected with such transaction. Seller will pay its broker a commission pursuant to a separate written agreement with its broker. Each party shall

indemnify, defend, protect and hold harmless the other party and its employees, agents, representatives, council members, attorneys, successors and assigns, from and against all claims of any agent, broker, finder or other similar party arising from or in connection with its (i.e., the indemnifying party's) communications or agreements with any broker, finder or salesperson other than the broker named above.

5. ATTORNEYS' FEES. In any action between Buyer and Seller seeking enforcement of any of the terms and provisions of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.

6. NOTICES. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and sent by overnight (for next business day delivery) or certified mail, postage prepaid, return receipt requested, or sent overnight (for next day business delivery) by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To Buyer or Seller: One Civic Center Circle
Brea, California 92801
Attention: Community Development Director

Delivery of any notice or other communication hereunder shall be deemed made on the date indicated in the return receipt or courier's records as the date of delivery or first attempted delivery. Any party may change its address for purposes of this Section by giving notice to the other party as herein provided.

7. ASSIGNMENT. Neither this Agreement nor any interest herein may be assigned by either party without the prior written consent of the other party.

8. ENTIRE AGREEMENT. This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose.

9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

10. TIME OF THE ESSENCE. Time is of the essence of every provision of this Agreement in which time is a factor.

11. THIRD PARTIES. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

12. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a

court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement upon written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability.

13. ADDITIONAL DOCUMENTS. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. AUTHORITY OF CITY MANAGER/EXECUTIVE DIRECTOR OF SELLER. The City Manager/Executive Director of Buyer and Seller may: (i) give any and all notices, waivers, consents and terminations hereunder on behalf of Seller and Buyer provided they are in writing; and (ii) amend this Agreement provided the amendment(s) are in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

CITY OF BREA

By:

Cecilia T. Hupp,
Mayor

Attest:

Lillian Neal-Harris, City Clerk

APPROVED AS TO FORM:

James Markman, City/SA Attorney

SELLER:

SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY

By:

Cecilia T. Hupp,
Chairperson of the Board

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN

BOOK 7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

Assessor's Parcel Number: 296-301-02

EXHIBIT "B"

FORM OF GRANT DEED

(Attached.)

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Brea
One Civic Center Circle
Brea, CA 92801
Attn: City Clerk

APN: 296-301-02

[SPACE ABOVE FOR RECORDER'S USE ONLY]

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES AS FOLLOWS:

The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383.

Exempt from Documentary Transfer Tax; transfer to a public entity.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY ("Grantor") hereby grants to the CITY OF BREA, a California municipal corporation in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency ("Grantee"), the land located in the County of Orange, State of California, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference and all improvements thereon.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: _____, 2017

SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY

By: _____
Cecilia T. Hupp,
Chairperson of the Board

Exhibit A
to Grant Deed

LEGAL DESCRIPTION

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN

BOOK 7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

CERTIFICATE OF ACCEPTANCE
(California Government code Section 27281)

This is to certify that the interest in real property conveyed by that certain Grant Deed dated _____, 2017 from the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, to the CITY OF BREA, is hereby accepted by the undersigned officer on behalf of the CITY OF BREA pursuant to authority conferred by City Council action on _____, 2017 and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF BREa

By: _____
William Gallardo, Jr.,
City Manager

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

State of California)
County of Orange)

On _____, 2017, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

City of Brea

BOARD COMMUNICATION

TO: Honorable Chair and Board Members
FROM: Bill Gallardo, City Manager
DATE: 01/23/2018
SUBJECT: October 12, 2017 Regular Meeting Minutes

SIGNATURE BLOCK

Respectfully submitted: Bill Gallardo, City Manager
Prepared by: Lillian Harris-Neal, City Clerk

Attachments

Minutes

DRAFT

OVERSIGHT BOARD TO THE CITY OF BREA AS SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY

MINUTES

October 12, 2017

SPECIAL MEETING

9:00 a.m. - Executive Conference Room
Level Three

Present: Chair Bill Gallardo; Vice Chair Brad Mason; Keri Bullock; Kent Forde; Don Schweitzer; Kashu Vyas
Absent: Don Parker
Staff Present: Lee Squire; David Crabtree; Kathie DeRobbio; Karen O'Leary

CALL TO ORDER / ROLL CALL

Chair Gallardo called the meeting to order at 9:03 am. The record will reflect that all Board Members except Board Member Parker were present.

1. **Public Comment** - None.

DISCUSSION / ACTION ITEMS

2. **July 13, 2017 Special Meeting Minutes**

Motion was Made by Vice Chair Brad Mason, Seconded by Don Schweitzer to Approve the July 13, 2017 Minutes as Presented.

AYES: Chair Bill Gallardo, Vice Chair Brad Mason, Kashu Vyas, Kent Forde, Don Schweitzer, Keri Bullock

Other: Don Parker (ABSENT)

Passed

3. Sale of Successor Agency Owned Property Located at 323 N. Brea Blvd.

Economic Development Manager DeRobbio reported that City Council, acting as Successor Agency, saw challenges in the offers from prospective buyers for the property at 323 N. Brea Blvd., and proposed that the location be considered for affordable housing. She stated that affordable housing funds are available from Redevelopment and from repayment of loans. Council, acting as Successor Agency, approved the purchase of the property by the Housing Successor for \$800,000, and acting as City Council voted to accept the sale. The sale will require a title transfer and no escrow.

In response to Board Members' questions, Economic Development Manager DeRobbio and Community Development Director Crabtree stated that the property is zoned for mixed use and could potentially include commercial office space; added that there is no strict timeline for development of the property; and noted that the previous offers were between \$800,000 and \$950,000.

Motion was Made by Vice Chair Brad Mason, Seconded by Don Schweitzer to Adopt Resolution **OB 2017-14** Authorizing the Sale of Real Property to the Recommended Buyer. The Housing Successor will Purchase the Property for the Full Asking Price of \$800,000. Per the Long Range Property Management Plan, the Sale Proceeds After the Costs of Selling the Property Will be Sent to the County Auditor-Controller for Distribution to the Taxing Entities, Including the City of Brea.

AYES: Chair Bill Gallardo, Vice Chair Brad Mason, Kashu Vyas, Kent Forde, Don Schweitzer, Keri Bullock

Other: Don Parker (ABSENT)

Passed

MEMBER REPORTS / ANNOUNCEMENTS

Financial Services Manager Squire reported that the Department of Finance (DOF) approved the Second Amendment to the Brea Mall Owner Participation Agreement (OPA), and on October 3, 2017 the City Council as Successor Agency approved the issuance and sale of 2017 tax allocation refunding bonds. He is working with DOF to coordinate the Annual Recognized Obligation Payment Schedule (ROPS), the Last and Final ROPS, and receiving the funds for the Superblock Parking Structure.

Financial Services Manager Squire stated that it is possible that the final Oversight Board meeting may be held in January 2018.

STAFF UPDATES

ADJOURNMENT

Chair Gallardo adjourned the meeting at 9:13 a.m.

Respectfully submitted,

The foregoing minutes are hereby
approved this ____ day of ____, 2017

Lillian Harris-Neal, City Clerk

Bill Gallardo, Chair

**AGREEMENT FOR PURCHASE AND SALE
AND JOINT RECORDING INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE AND JOINT RECORDING INSTRUCTIONS (this "Agreement") is dated as of September 5, 2017, and is entered into by and between the SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY, a California public entity ("Seller"), and the CITY OF BREA, a California municipal corporation, in its capacity as the successor to the housing assets and funds of the former Brea Redevelopment Agency ("Buyer").

RECITALS

- A. Seller is the owner of the land described on Exhibit "A" (the "Property").
- B. Buyer desires to purchase the Property, and Seller desires to sell the Property to Buyer.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual terms and covenants set forth therein and herein, other consideration, the sufficiency of which is hereby acknowledged, Buyer and Seller agree as follows:

1. **CONDITIONS; PURCHASE PRICE.**

1.1 **Conditions.** The obligation of Seller to sell the Property is conditioned upon the approval of this Agreement by the Oversight Board of Seller and the failure of the California Department of Finance to object to the Oversight Board's decision within the time permitted by law.

1.2 **Sale and Purchase.** Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, upon the terms and conditions hereinafter set forth.

1.3 **Purchase Price.** The purchase price for the Property shall be Eight Hundred Thousand and No/100 Dollars (\$800,000.00) ("Purchase Price") which Buyer and Seller have determined is the fair market value of the Property based on a broker's opinion of value.

2. **TITLE.**

2.1 **General.** Title to the Property shall be conveyed by a grant deed in the form attached hereto as Exhibit "B", and shall be evidenced by a CLTA Standard Coverage Form of Owner's Policy of Title Insurance, or an ALTA Extended Coverage Form Policy if Buyer elects such coverage as provided in Section 2.3 hereof, with the extra cost of any such ALTA coverage borne by Buyer. Title Policy shall be issued by Commonwealth Land Title Company ("Title Company"), with liability in the full amount of the applicable purchase price, insuring title to the Property as vested in Buyer, free and clear of all liens and encumbrances and other matters affecting title, except the following (which shall constitute "Approved Title Exceptions"):

2.1.1 Assessments not yet due; and

2.1.2 All title exceptions in that certain preliminary report dated August 17, 2017 issued by the Title Company.

2.2 Acts After Date of Agreement. During the period from the date of this Agreement through the earlier of the termination of this Agreement or the sale of the Property to Buyer under this Agreement, Seller shall not alter, improve or further encumber the Property.

3. [INTENTIONALLY OMITTED]

4. RECORDING.

4.1 Agreement to Constitute Recording Instructions. This Agreement shall constitute recording instructions, and a copy hereof shall be delivered to the Title Company for that purpose; however, the parties shall execute such further instructions as Title Company reasonably requires in order to clarify the duties and responsibilities of Title Company. Additionally, each party may send unilateral closing instructions to the Title Company to facilitate closing.

4.2 [INTENTIONALLY OMITTED]

4.3 Closing. For the purposes of this Agreement, "Closing" shall be the date on which a grant deed in favor of Buyer is recorded in the Official Records of the Orange County Recorder's Office. Provided all of Seller's and Buyer's obligations hereunder have been performed and all the conditions set forth in this Agreement have been satisfied, the closing shall occur no later than thirty (30) days after the execution of this Agreement and the satisfaction of the conditions in Section 1.1 above ("Closing Date"). Possession of the Property shall be delivered to Buyer upon the Closing Date.

4.4 Seller Required to Deliver. Before the Closing Date, Seller shall deliver to the Title Company the following:

4.4.1 A grant deed conveying the Property to Buyer, in the form attached hereto as Exhibit "B", duly executed by Seller and acknowledged (the "Grant Deed");

4.4.2 Any other documents contemplated by this Agreement or required by the Title Company to be delivered by Seller to carry out this transaction.

4.5 Buyer Required to Deliver. Before the Closing Date, Buyer shall deliver to the Title Company:

4.5.1 Net costs to be paid by Buyer under Section 4.9 below;

4.5.2 An executed and acknowledged Certificate of Acceptance in the form attached to the form of Grant Deed (Exhibit "B"); and

4.5.3 Any other reasonable documents contemplated by this Agreement or required by Title Company to be delivered by Buyer to carry out this transaction.

4.6 Conditions to the Closing. Buyer's obligation to proceed with the purchase of the Property is subject to the satisfaction of the following conditions precedent, which are for Buyer's benefit and may be waived only by Buyer:

4.6.1 Seller shall have performed all agreements to be performed by Seller hereunder.

4.6.2 Title Company shall have issued or shall have committed to issue the Title Policy to Buyer, for the amount of the applicable Purchase Price, showing fee title to be vested in Buyer subject only to the Approved Title Exceptions.

4.7 Recordation of Grant Deed; Delivery of Funds. Upon receipt of the funds and documents described in this Section 4, and satisfaction (or express written waiver) of the closing conditions, Title Company shall cause the Grant Deed to be recorded in the office of the County Recorder of Orange County, California, and City shall then deliver the Purchase Price (less appropriate charges) to Seller.

4.8 Prorations. All assessments shall be prorated between Buyer and Seller as of the Closing based on the latest available tax information. All prorations shall be determined on the basis of a 360-day year.

4.9 Costs.

4.9.1 Seller shall pay:

- (a) The premium for the CLTA Standard Title Policy;
- (b) Any other closing costs or charges not expressly provided for herein and customarily paid by a seller of real property in Orange County, California.

4.9.2 Buyer shall pay:

- (c) The extra cost of an ALTA extended title policy if elected by Buyer; and
- (d) Any other closing costs or charges not expressly provided for herein and customarily paid by a buyer of real property in Orange County, California.

4.10 Broker's Commissions. Buyer and Seller represent to one another that except for Lee & Associates, who represents Seller, no broker or finder or salesperson has been engaged by it in connection with the transaction contemplated by this Agreement, or to its knowledge is in any way connected with such transaction. Seller will pay its broker a commission pursuant to a separate written agreement with its broker. Each party shall

indemnify, defend, protect and hold harmless the other party and its employees, agents, representatives, council members, attorneys, successors and assigns, from and against all claims of any agent, broker, finder or other similar party arising from or in connection with its (i.e., the indemnifying party's) communications or agreements with any broker, finder or salesperson other than the broker named above.

5. ATTORNEYS' FEES. In any action between Buyer and Seller seeking enforcement of any of the terms and provisions of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.

6. NOTICES. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and sent by overnight (for next business day delivery) or certified mail, postage prepaid, return receipt requested, or sent overnight (for next day business delivery) by a nationally recognized courier service such as Federal Express, duly addressed to the parties as follows:

To Buyer or Seller: One Civic Center Circle
Brea, California 92801
Attention: Community Development Director

Delivery of any notice or other communication hereunder shall be deemed made on the date indicated in the return receipt or courier's records as the date of delivery or first attempted delivery. Any party may change its address for purposes of this Section by giving notice to the other party as herein provided.

7. ASSIGNMENT. Neither this Agreement nor any interest herein may be assigned by either party without the prior written consent of the other party.

8. ENTIRE AGREEMENT. This Agreement contains all of the agreements of the parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose.

9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

10. TIME OF THE ESSENCE. Time is of the essence of every provision of this Agreement in which time is a factor.

11. THIRD PARTIES. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

12. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a

court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement upon written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability.

13. ADDITIONAL DOCUMENTS. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. AUTHORITY OF CITY MANAGER/EXECUTIVE DIRECTOR OF SELLER. The City Manager/Executive Director of Buyer and Seller may: (i) give any and all notices, waivers, consents and terminations hereunder on behalf of Seller and Buyer provided they are in writing; and (ii) amend this Agreement provided the amendment(s) are in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

CITY OF BREA

By: _____

Cecilia T. Hupp,
Mayor

Attest: _____

Lillian Neal-Harris, City Clerk

APPROVED AS TO FORM:

James Markman, City/SA Attorney

SELLER:

SUCCESSOR AGENCY TO THE BREA
REDEVELOPMENT AGENCY

By: _____

Cecilia T. Hupp,
Chairperson of the Board



EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 2 AND 3 IN BLOCK A OF THE TOWN OF BREA, IN THE CITY OF BREA, COUNTY
OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN

BOOK 7, PAGES 2 AND FOLLOWING OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL
MINERALS WHICH MAY BE SITUATED IN OR UNDER SAID LAND.

Assessor's Parcel Number: 296-301-02

City of Brea
Community Development Department (CDD)
1 Civic Center Circle
Brea, California
Ph: (714) 671-7600

May 1, 2023

Notice of Funding Availability

for Low-Income Housing Development

City of Brea

Low-Income Housing Trust Fund Program Notice of Funding Availability (NOFA)

Applications are Due by 6:00 pm on Tuesday, May 16, 2023 to darronu@cityofbrea.net

On behalf of the City of Brea, the Community Development Department is pleased to release the following Notice of Funding Availability (NOFA) for the Local Housing Trust Fund Program for Low-Income Housing Development.

On March 7, 2023, the Department of Housing and Community Development released the 2023 Local Housing Trust Fund Notice of Funding Availability for approximately \$53 million in funds for low-income housing development. These funds provide Matching Grants to Local Housing Trust Funds established by cities, counties, and nonprofit organizations.

Program Funds awarded under this NOFA shall be used to provide construction loans and/or permanent financing loans at simple interest rates of no higher than 3 percent per annum for payment of predevelopment costs, acquisition, construction, or rehabilitation, as well as to construct, convert, reconstruct, rehabilitate, and/or repair Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs).

The City of Brea will apply to receive \$1 million in funds from the Department of Housing and Community Development. The City of Brea will match these funds from the Local Housing Trust Fund for \$ 2 million in low-income housing development.

I. Overview

a. Notice of Available Funding

On March 7, 2023, the Department of Housing and Community Development released the 2023 Local Housing Trust Fund Notice of Funding Availability for approximately \$53 million in funds for low-income housing development. These funds provide Matching Grants to Local Housing Trust Funds established by cities, counties, and nonprofit organizations. **The award of funds is tentative on receipt of grant funds from the Department of Housing and Development.**

b. Timeline

NOFA Release	May 11, 2023
Application Due Date	May 16, 2023
Award Announcement	May 17, 2023

II. Scope of the Project

The City of Brea is looking for a vendor to provide a low-interest loan to develop low-income rental properties within the City. This funding awarded is accompanied by additional funding from the City for an estimated amount of \$4 million. The City would like the development of a 30-40-unit residential dwelling of low-income housing (Please see Household Income Limited in Appendix A). Please submit an application with a scope of work for your project, detailed costs, proposed location, and project timeline to darronu@cityofbrea.net by May 16, 2023.

III. Program Requirements

The following is a summary of the mandatory requirements for applicants looking for funding:

- Eligible Applicants
 - For-profit or non-profit corporations, individuals, general or limited partnerships or limited liability companies with demonstrated experience and capacity in the development and management of affordable rental housing may apply.
- Eligible Activities

The following are a list of requirements for how the monies from the program shall be spent:

- A minimum of 30 percent of Program Funds and Matching Funds after deducting 5 percent for administration fees, shall be expended on assistance to Extremely Low-Income Households. To comply with this requirement, dwelling units or shelter beds must be Affordable to and restricted for Extremely Low-Income Households with an income of no more than 30 percent of the Area Median Income (AMI).
- No more than 20 percent of the Program Funds and Matching Funds after deducting administrative expense, shall be expended on assistance to Moderate Income Households. To comply with this requirement, dwelling units must be Affordable to and restricted for Moderate-Income Households with household income of no more than 120 percent of AMI.

- The remaining Program Funds and Matching Funds shall be expended on assistance to Lower-Income Households. To comply with this requirement, dwelling units must be Affordable to and restricted for Lower-Income with household income of no more than 80 percent AMI.

IV. Application Criterion

Applications for funding requested will be evaluated using the following criteria:

Criterion	Max Pts.
<p>Deeper Income Targeting: Extent to which the Applicant commits to expand less than 20 percent of Program Funds and Matching Funds to Serve Moderate-Income Households</p> <ul style="list-style-type: none"> • 11% - 18% funding for Moderate-Income Households – 5 points • 6% - 10% funding for Moderate-Income Households – 10 points • 1% - 5% funding for Moderate-Income Households – 15 points • 100% funding for Lower-Income Households – 20 points 	20 pts.
<p>Increasing the Supply of Lower-Income Rental Housing: Extent to which the Applicant commits to use Program Funds and Matching Funds for the new construction of rental housing developments Affordable and restricted to households with average incomes of nor more than 60 percent of AMI:</p> <ul style="list-style-type: none"> • >50% funding for 60% AMI or less – 0 points • 51% - 74% funding for 60% AMI or less – 10 points • 75% - 99% funding for 60% AMI or less – 15 points • 100% funding for 60% AMI or less – 20 points 	20 pts.
<p>Community Need: Percentage of Lower-Income Households paying more than 50 percent of their household income for rent or owner expenses, in jurisdictions to be served by the applications, in comparison with jurisdictions to be served by other applications:</p> <ul style="list-style-type: none"> • 0% - 25% - 5 points • 26% - 44% - 10 points • 45% or higher – 15 points 	15 pts.

Performance: Demonstrated ability to complete project with efficient timeline and demonstrate ability to repay loan.	15 pts.
Grand Total:	60 pts.

Appendix A

Santa Ana-Anaheim-Irvine, CA HUD Metro FMR Household Income Limits

HUD Method

2022

\$119,100

HUD Metropolitan Fair Market Rent Area (HMFA)

Note: The following household income limits are adjusted for a high cost area as per the Federal Housing Act of 1937 and calculated using HCD methodology to comply with Health and Safety Code Sections 50052.5 and 50093.

Santa Ana-Anaheim-Irvine, CA HUD Metro FMR
U.S. Department of Housing and Urban Development
April 18, 2022

Hshold Size	Extremely Low Income 30%			35%			40%			Very Low Income 50%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$28,500	\$2,375	\$713	\$33,250	\$2,771	\$831	\$37,950	\$3,163	\$949	\$47,450	\$3,954	\$1,186
TWO	\$32,550	\$2,713	\$814	\$38,000	\$3,167	\$950	\$43,400	\$3,617	\$1,085	\$54,200	\$4,517	\$1,355
THREE	\$36,600	\$3,050	\$915	\$42,750	\$3,563	\$1,069	\$48,800	\$4,067	\$1,220	\$61,000	\$5,083	\$1,525
FOUR	\$40,650	\$3,388	\$1,016	\$47,450	\$3,954	\$1,186	\$54,200	\$4,517	\$1,355	\$67,750	\$5,646	\$1,694
FIVE	\$43,950	\$3,663	\$1,099	\$51,250	\$4,271	\$1,281	\$58,550	\$4,879	\$1,464	\$73,200	\$6,100	\$1,830
SIX	\$47,200	\$3,933	\$1,180	\$55,050	\$4,588	\$1,376	\$62,900	\$5,242	\$1,573	\$78,600	\$6,550	\$1,965
SEVEN	\$50,450	\$4,204	\$1,261	\$58,850	\$4,904	\$1,471	\$67,250	\$5,604	\$1,681	\$84,050	\$7,004	\$2,101
EIGHT	\$53,700	\$4,475	\$1,343	\$62,650	\$5,221	\$1,566	\$71,550	\$5,963	\$1,789	\$89,450	\$7,454	\$2,236

Hshold Size	60%			65%			70%			Low Income 80%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$56,950	\$4,746	\$1,424	\$61,700	\$5,142	\$1,543	\$66,400	\$5,533	\$1,660	\$75,900	\$6,325	\$1,898
TWO	\$65,050	\$5,421	\$1,626	\$70,500	\$5,875	\$1,763	\$75,900	\$6,325	\$1,898	\$86,750	\$7,229	\$2,169
THREE	\$73,200	\$6,100	\$1,830	\$79,300	\$6,608	\$1,983	\$85,400	\$7,117	\$2,135	\$97,600	\$8,133	\$2,440
FOUR	\$81,300	\$6,775	\$2,033	\$88,100	\$7,342	\$2,203	\$94,850	\$7,904	\$2,371	\$108,400	\$9,033	\$2,710
FIVE	\$87,850	\$7,321	\$2,196	\$95,150	\$7,929	\$2,379	\$102,450	\$8,538	\$2,561	\$117,100	\$9,758	\$2,928
SIX	\$94,350	\$7,863	\$2,359	\$102,200	\$8,517	\$2,555	\$110,050	\$9,171	\$2,751	\$125,750	\$10,479	\$3,144
SEVEN	\$100,850	\$8,404	\$2,521	\$109,250	\$9,104	\$2,731	\$117,650	\$9,804	\$2,941	\$134,450	\$11,204	\$3,361
EIGHT	\$107,350	\$8,946	\$2,684	\$116,300	\$9,692	\$2,908	\$125,250	\$10,438	\$3,131	\$143,100	\$11,925	\$3,578

Hshold Size	100%			115%			Moderate Income 120%			140%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$83,350	\$6,946	\$2,084	\$95,850	\$7,988	\$2,396	\$100,050	\$8,338	\$2,501	\$116,700	\$9,725	\$2,918
TWO	\$95,300	\$7,942	\$2,383	\$109,550	\$9,129	\$2,739	\$114,300	\$9,525	\$2,858	\$133,400	\$11,117	\$3,335
THREE	\$107,200	\$8,933	\$2,680	\$123,250	\$10,271	\$3,081	\$128,600	\$10,717	\$3,215	\$150,100	\$12,508	\$3,753
FOUR	\$119,100	\$9,925	\$2,978	\$136,950	\$11,413	\$3,424	\$142,900	\$11,908	\$3,573	\$166,750	\$13,896	\$4,169
FIVE	\$128,650	\$10,721	\$3,216	\$147,900	\$12,325	\$3,698	\$154,350	\$12,863	\$3,859	\$180,100	\$15,008	\$4,503
SIX	\$138,150	\$11,513	\$3,454	\$158,850	\$13,238	\$3,971	\$165,750	\$13,813	\$4,144	\$193,450	\$16,121	\$4,836
SEVEN	\$147,700	\$12,308	\$3,693	\$169,800	\$14,150	\$4,245	\$177,200	\$14,767	\$4,430	\$206,750	\$17,229	\$5,169
EIGHT	\$157,200	\$13,100	\$3,930	\$180,750	\$15,063	\$4,519	\$188,650	\$15,721	\$4,716	\$220,100	\$18,342	\$5,503

Note: Income levels 80% and below are adjusted by a HUD high cost area allowance.

This general income information is calculated from the U.S. Department of Housing and Urban Development (HUD) income figures. Specific program requirements may vary.



CalOptima Health Grant Award Acceptance

Meeting	Agenda Group	
Tuesday, November 7, 2023, 5:30 PM	CONSENT CALENDAR	Item: I
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Staff recommends that the City Council approve the following:

1. Accept CalOptima Health's Grant award in the amount of \$6,028,491.51;
2. Authorize the City Manager, on behalf of the City Council of the City of Brea, to execute a forthcoming grant agreement with CalOptima Health; and
3. Amend the City's Fiscal Year 2023-25 Operating Budget to appropriate \$6,028,491.51 in the City's Affordable Housing Trust Fund (270).

BACKGROUND/DISCUSSION

On June 22, 2023, CalOptima Health released a Notice of Funding Opportunity totaling \$52.3 million. CalOptima Health's overall mission is to serve member health with excellence and dignity, respecting the value and needs of each person. CalOptima has a tagline of "Housing is Health." The goal of the grant program is to accelerate the creation of affordable and permanent supportive housing units, in order to bridge the connection between housing and healthcare. This goal aligns with a variety of objects, policies, and programs of the City's adopted and certified 6th Cycle Housing Element ("Housing Element") and the commitment in seeking funds to further housing in Brea. The Housing Element can be found at: <https://www.ci.brea.ca.us/174/Housing-Elements>

The Housing Element provides guidance and defines a variety of residential and housing land uses that are also reflected in the Brea City Code (BCC). The distinctions between these land uses are important to acknowledge when considering applying for this grant opportunity. CalOptima considered grant awards to projects that deliberately increase equitable and countywide access to permanent, affordable housing. Below are the Housing Element definitions of the residential and housing land uses relevant to the discussion of this item:

Permanent supportive housing: *Permanent, affordable housing with on-site services [management] that help residents' transition into stable more productive lives. Services may include childcare, after-school tutoring, career counseling, etc.* Permanent Supportive housing is treated as a multi-family residential land use where rent is paid and typically no defined limit on length of residency. Permanent supportive housing is a separate and different use than Transitional Housing.

Transitional Housing: *Temporary housing (generally six months to two years) for homeless individuals or family transitioning to permanent housing. This housing can take several forms, including group housing or multi-family units, and often includes supportive services components to allow individuals to gain necessary life skills in support of independent living.* Transitional housing is a separate and different use than an Emergency Shelter.

Emergency Shelter: *A facility that provides immediate and short-term housing and may offer supplemental services to homes person families on a first-come first-serve basis where people must vacate the facility each morning and have no*

guaranteed bed for the next night. Supplemental services may include counseling, food, and access to social programs.

Senate Bill 2 and AB 2162 both required amendments to the City's Zoning Code to allow supportive housing to be considered as a residential use, which occurred in the most recent update to the Zoning Code this past summer. The grant would not support the development of a Transitional Housing Project or Emergency Shelter.

The City of Brea applied to CalOptima for a total of \$8 million (application maximum) to facilitate the production of permanent supportive residential units on City-owned land, located at 323 North Brea Boulevard (an opportunity site identified in both the 5th and 6th Cycles of the City of Brea's Housing Elements). Of the 15 CalOptima Health grantees, Brea was successful in being selected for a grant award totaling \$6,028,491.51. Since this time, City staff have been in communication with CalOptima Health regarding next steps which include the execution of a forthcoming grant agreement. Permanent supportive residential units generally contribute to the City's Regional Housing Needs Allocation (RHNA) for Extremely Low, and Very Low-Income Households. Brea's RHNA has an allocation of 2,365 residential units distributed among the following income groups:

<u>City of Brea RHNA Allocation</u>	
Income Threshold	Number of Units Required
Extremely Low	334
Very Low	335
Low	393
Moderate	403
Above Moderate	900
<i>Total</i>	<i>2,365</i>

The request by staff is that the City Council accept the grant funds as previously described. These funds would help further the study, design, and eventual construction of a permanent supportive residential project. Following the study and design on the project, the item would be required to return to the City Council for consideration of utilizing any City-owned property. City staff plans to seek additional future funding opportunities to further the development of affordable and permanent supportive residential units in Brea.

COMMISSION/COMMITTEE RECOMMENDATION

On October 31, 2023, the Finance Committee discussed the grant award and recommended a Study Session discussion at the November 7, 2023 City Council meeting.

FISCAL IMPACT/SUMMARY

The amending of the City's Fiscal Year 2023-25 Operating Budget to appropriate \$6,028,491.51 in the City's Affordable Housing Trust Fund (270) would have no impact to the General Fund.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Marie Dao, Senior Management Analyst

Concurrence: Melissa Davis, Community Development Manager and Jason Killebrew, Community Development Director

**Minutes for the City Council Regular Meeting 1 Civic Center Circle, Brea, California, 92821
November 7, 2023**

1. CLOSED SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR - 5:30 P.M.

1 Civic Center Circle, Brea, California, 92821 - Executive Conference Room 3rd Floor and Moon Palace Resort, Main St., Ocho Rios, Jamaica

1A. CALL TO ORDER/ROLL CALL

Mayor Simonoff called the Closed Session to order at 5:34 p.m. All members were present, with Councilmember Stewart participating via Zoom teleconference.

1B. Public Comment

None.

1C. Conference with City's Labor Negotiator Pursuant to Government Code §54957.6 Regarding the Brea Police Management Association (BPMA); Brea Fire Association (BFA); Brea Fire Management Association (BFMA) – Bill Gallardo, Negotiator

Mayor Simonoff adjourned the Closed Session at 6:20 p.m.

2. STUDY SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR - 6:00 P.M.

1 Civic Center Circle, Brea, California, 92821 - Executive Conference Room 3rd Floor

2A. CALL TO ORDER/ROLL CALL

Mayor Simonoff called the Study Session to order at 6:20 p.m. All members were present, with Councilmember Stewart absent.

2B. Public Comment

Dwight Manley spoke regarding Item 3C, CalOptima Health Grant Award Acceptance. He encouraged Council to stay focused on developing 323 N. Brea Boulevard consistent in size with the surrounding area and to ensure that the housing benefits Brea residents.

Ted Gribble spoke regarding Item 3C, CalOptima Health Grant Award Acceptance. He encouraged Council to listen to public feedback regarding the property at 323 N. Brea Boulevard.

2C. Clarify Regular Meeting Topics

None.

3. DISCUSSION ITEMS

3A. Arovista Park Modernization Update

City Engineer Espinoza introduced the item and spoke about the project overview, updates, and the current bid environment.

Senior Management Analyst Colacion continued the presentation, and spoke about grant funding to date, staff recommendations, funding considerations, and next steps.

Mayor Pro Tem Marick spoke in support of staff's forward thinking of contributions for future phases of the project and supported the current focus on the main priority, which is the playground.

Mayor Simonoff inquired as to the condition of the ball fields.

Assistant City Manager/Community Services Director Emeterio noted that fields are in good condition, but need some maintenance, and the restrooms need to be replaced.

Councilmember Vargas encouraged staff to look at the numbers before going out to bid.

3B. Appoint Proxy Holder and Nominate for the Office of Director at the Annual Meeting of Stockholders of Cal Domestic Water Company

The City Council authorized Christopher D. Blake, or in his absence, Michael O Quinn, to vote all shares of the undersigned in California Domestic Water Company at the Annual Meeting of Shareholders to be held on Friday, November 17, 2023, for purposes of electing the members of the Board of Directors and transacting any other such business as may properly come before the meeting, or any adjournments thereof; and nominated Thomas J. Prenovost, Jr. to serve as a member of the Board of Directors for a two-year term commencing in November 2023 and ending in November 2025, or until his successor is duly qualified and elected.

3C. CalOptima Health Grant Award Acceptance

Community Development Director Killebrew introduced the item and provided a brief presentation, including the executive summary, Housing Element, area identified for affordable housing for two (2) Housing Element cycles, City-owned property, CalOptima, grant timeline, CalOptima Grant Application, community education, who permanent supportive housing supports, and next steps.

Council requested a breakdown of the CalOptima members in Brea and noted that only Brea residents and members of the Brea workforce community should be prioritized for the units. Councilmember Hupp expressed concern about the re-qualification of residents residing in the homes, noting that it should be clearly written that residents would need to be re-qualified every year.

Councilmember Vargas expressed concern with the provider's capabilities.

3D. Appointment to Orange County Mosquito and Vector Control District

The City Council re-appointed Councilmember Hupp to serve a four (4) year term on the Orange County Mosquito and Vector Control District.

4. COUNCIL MEMBER REPORTS/REQUESTS

Council Member Reports/Requests is an opportunity for Council Members to provide reports from outside Boards and Committees, and to request items for a future agenda.

Councilmember Hupp requested a discussion on affordable housing qualifications.

Councilmember Vargas requested an update on the Acacia Apartments.

Mayor Simonoff adjourned the Study Session at 6:56 p.m.

5. GENERAL SESSION - COUNCIL CHAMBERS PLAZA LEVEL - 7:00 P.M.

1 Civic Center Circle, Brea, California, 92821 - Council Chambers, Plaza Level

5A. CALL TO ORDER/ROLL CALL

Mayor Simonoff called the General Session to order at 7:04 p.m., all members were present with Councilmember Stewart absent.

5B. Pledge of Allegiance: Boy Scout Troop 707

Boy Scout Troop 707 led the Pledge of Allegiance.

5C. Invocation: Cindy Outsterhout, The Cause Church

Pastor John Reeve, The Cause Church, delivered the invocation.

5D. Report - Prior Study Session

City Manager Gallardo provided a report of the prior Study Session.

5E. Community Announcements

Councilmember Vargas announced that CalTrans will be conducting a full closure on Lambert Rd. starting on November 17 and reopening on November 19. He noted that the road still needs to be paved and advised residents to plan alternate routes to avoid the affected areas. He encouraged residents to check the city's websites and social media platforms for information.

Councilmember Hupp announced that the City's first Local Hazard Mitigation Plan has begun and explained the importance for the plan. He encouraged residents to take the online survey on the City's website and to join the community workshop on November 9 at 6:00 p.m. She also encouraged residents to visit the Nutcracker Boutique on November 17 and 18.

Mayor Pro Tem Marick invited the community to attend the second public workshop planning of the Tracks at Brea, noting the workshop will be held on November 16, at 6:00 p.m. at the Brea Community Center. She also invited the community to celebrate the beginning of the holidays at the Brea Tree Lighting ceremony being held on December 7 at 6:30 p.m.

5F. Matters from the Audience

Debbie Moore spoke about the poor service she has received from Republic Services with regards to trash pickup in her community.

Keith Garcia expressed concern with the safety of bicyclists in the area of Brea Canyon and requested a bike lane be considered through Brea Canyon.

Robert Navarez expressed his dissatisfaction with Brea Olinda Unified School District's plans to add perimeter fencing to the Arovista Elementary campus, which would limit after hours accessibility of

the campus to the surrounding neighborhood.

5G. Response to Public Inquiries

City Manager Gallardo responded to public inquiries.

5H. Information Item: Republic Services

Mayor Simonoff recused himself from this item due to his employment and left the dias.

City Manager Gallardo introduced the item and invited Republic Services to address ongoing service issues within the community.

Mayor Pro Tem Marick spoke about the issues the community has been having with Republic Services, including missed pickups, leading hydraulic fluid from vehicles, delays in replacing carts, maintenance of trucks, subpar customer service, and incorrect information provided to residents and businesses.

Councilmember Hupp spoke about issues with trash collection at commercial businesses in the Downtown, the poor conditions of Republic's trucks, missed pickups at residential complexes and presented photos.

Mitch Kopczyk, General Manager for Republic Services, spoke about measures the company is taking to mitigate service issues including a residential rebalance of routes, adding trucks to the commercial routes, adding an additional maintenance manager, investments in truck repairs, supervisor realignment and magnet installation on rental trucks.

Mayor Pro Tem Marick inquired about the timeline for the outlined measures to be implemented and how Republic Services in ensuring the City will be compliant with SB 1383.

Mr. Kopczyk indicated that improvements will begin in December and Republic Services is working with the City on putting plans in place to maintain compliance with SB 1383.

6. PUBLIC HEARING

There are no Public Hearing Items at this time.

7. ADMINISTRATIVE ITEMS

This agenda category is for City Council consideration of a wide variety of topics related to the City's operations. Public comments regarding items in this section should be presented during "Matters from the Audience."

7A. Waive Full Reading and Introduce Ordinance No. 1244 An Ordinance of the City of Brea Extending the Term of a Pipeline Franchise Granted to Crimson California Pipeline, L.P. and Approve CEQA Exemption Determination

Senior Management Analyst Cuevas provided a brief presentation on the item, noting the item extends a previous granted franchise and spoke about Public Utilities Code and Brea City Code requirements for franchises. He indicated that the proposed Ordinance will extend the existing franchise an additional ten (10) years to Crimson California Pipeline, LLC and Crimson would

continue to submit payments to the City, which would be subject to annual CIP increases.

There was Motion made by Steve Vargas and seconded by Cecilia Hupp with a result of 4-0-1-0, to waive full reading and introduce Ordinance No. 1244 by title only and approve a CEQA exemption determination; and appropriate any revenues received as part of this franchise in the Fiscal Year 2023-25 Operating Budget; and authorize the City Clerk to release the current faithful performance bond upon acceptance of the new faithful performance bond once notification is received from the Public Works Department.

Mayor Simonoff returned to the dias.

8. CONSENT CALENDAR

The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."

8. October 17, 2023 Regular Meeting Minutes

The City Council approved the October 17, 2023 Regular Meeting Minutes as written.

8B. Cooperative Agreement with Caltrans and Professional Services Agreement with Kimley-Horn for Project Initiation Document (PID) Phase of Imperial Highway (SR-90) at 57 Freeway Southbound On-Ramp Interchange Improvements Project (CIP 7306) - 7:33 PM

The City Council approved the Cooperative Agreement with Caltrans for the Project Initiation Document (PID) phase of Imperial Highway/SR-57 Interchange Improvements Project, CIP No. 7306; authorized the Mayor to execute the Cooperative Agreement with Caltrans and authorize the City Manager to execute any non-monetary contract amendments and ancillary documents subsequently required for implementation of the Cooperative Agreement; awarded Professional Design Services Agreement to Kimley-Horn and Associates, Inc. for \$464,864 for Design Services for the Project Initiation Document (PID) phase of Imperial Highway/SR-57 Interchange Improvements Project, CIP No. 7306; and authorized the City Manager to execute the Professional Design Services Agreement with Kimley-Horn & Associates, Inc. and make Change Orders in a "not-to-exceed" amount of 10% of the Contract Amount for contingency work.

8C. Traffic Improvements along Puente Street from Wardman Drive to Alta Mesa Drive

The City Council approved the Improvement Plan for the Traffic Improvements along Puente Street from Wardman Drive to Alta Mesa Drive; found the project to be Categorically Exempt from further environmental review under the California Environmental Quality Act (CEQA), under Section 15301(c) of the State CEQA Guidelines; approved a budget transfer of \$75,000 from the Measure M Fund (Fund 260) from the Traffic Signal Controller Upgrade Project (CIP 7218) to the Traffic Calming Improvements Project (CIP 7219); and directed the City Engineer to implement said Improvements.

8D. Annual Development Impact Fee Report for Fiscal Year Ended June 30, 2023

The City Council received and filed the Annual Development Impact Fee Report for Fiscal Year Ended June 30, 2023.

8E. Orange County Transportation Authority Annual Measure M2 Expenditure Report

The City Council adopted Resolution No. 2023-058 concerning the Orange County Transportation Authority Annual Measure M2 expenditure report.

8F. Cooperative Agreement with Orange County Transportation Authority for Regional Traffic Signal Synchronization Program

The City Council approved a Cooperative Agreement with Orange County Transportation Authority (OCTA) for the Countywide Signal Synchronization Baseline Project of the Renewed Measure M Regional Traffic Signal Synchronization Program (RTSSP); and adopted Resolution No. 2023-059 authorizing the City Manager to execute the Cooperative Agreement and any non-monetary contract amendments and ancillary documents subsequently required to implement the Countywide Signal Synchronization Baseline Project in Brea.

8G. Resolution to Certify Funding and Affirm Commitment to Implement Projects in FY 2024-25 – FY 2029-30 OCTA Federal Transportation Improvement Program

The City Council adopted Resolution No. 2023-060 certifying resources and affirming commitment to 2025 Federal Transportation Improvement Program (FTIP).

8H. Approve a Resolution Authorizing Submittal of an Application for Senate Bill (SB) 1383 Local Assistance Grant Program through the Department of Resources, Recycling and Recovery (CalRecycle)

The City Council adopted Resolution No. 2023-061 and authorized the Director of Public Works to execute all grant-related documents and administer the grant for which the City of Brea is eligible; and appropriated any funds received as part of this grant application in the Fiscal Year 2023-25 Operating Budget.

8I. CalOptima Health Grant Award Acceptance

Community Development Director Killebrew provided a brief presentation on this item, noting that the City has identified 323 N. Brea Boulevard as a potential site for the development, and indicated that community engagement and public meetings will be held throughout the process. He also stated that the project is not fully funded, but the \$6 million CalOptima Health Grant Award will help towards the development.

The City Council accepted CalOptima Health's Grant award in the amount of \$6,028,491.51; authorized the City Manager, on behalf of the City Council of the City of Brea, to execute a forthcoming grant agreement with CalOptima Health; and amended the City's Fiscal Year 2023-25 Operating Budget to appropriate \$6,028,491.51 in the City's Affordable Housing Trust Fund (270).

8J. Prohousing Designation Program Application Submission to the California Department of Housing and Community Development

The City Council adopted Resolution No. 2023-062 authorizing the submission of a Prohousing Designation Application to the California State Department of Housing and Community Development; and authorized the City Manager, or his designee, to execute all documents and agreements necessary to participate in the Prohousing Designation Program.

8K. Part-Time Employment and Benefits Policy

The City Council adopted Resolution No. 2023-063 amending the Part-Time Employment and Benefits Policy by revising the salary of any classification in a series due to compaction issues caused by increases in minimum wage and adding weekend shift differential pay to part-time employees in the classification of Maintenance Service Worker I/II.

8L. Budget Adjustments to the City Operating and Capital Improvement Program Budgets for Fiscal Year 2022-23

The City Council adopted Resolution No. 2023-064 and 2023-065 appropriating funds to adjust the Fiscal Year 2022-23 City Operating and Capital Improvement Program Budgets; and approved the use of State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan Act (ARPA) for Public Health - Negative Economic Impact (\$347,515).

8M. Purchase of Ambulances

Brea Fire Chief Avery presented a brief presentation on the item, indicating the purchase is the result of working towards an enhanced, in-house EMS model for the Brea community.

Councilmember Hupp indicated the Council has been discussing for a long time and are happy to see it taking place.

The City Council authorized the City Manager or designee to issue a purchase order for \$905,525.82 to Republic EVS and approve a 10% contingency.

8N. Approve the use of National Opioid Settlement (NOS) Funds to Offset a Full-time Community Services Specialist Position in the Brea Resource Center, reallocate a Full-time Community Services Specialist Position to the Special Events Division, and Amend the Position Allocation List for FY 2023-24 to Reflect the Changes

The City Council approved the use of National Opioid Settlement Funds to offset a full-time Community Services Specialist position in the Brea Resource Center; and adopted Resolution No. 2023-066, amending the Position Allocation List for FY 2023-24 reallocating a full-time Community Services Specialist to the Special Events Division within the Community Services Department.

8O. Section 115 Trust Administration Agreement with Public Agency Retirement Services (PARS)

The City Council approved the Amendment with Public Agency Retirement Services (PARS) and the Discretionary Trustee Fee Schedule and authorized the City Manager to execute the amendment.

8P. Agreement with Chandler Asset Management for Investment Advisory Services

The City Council entered into an agreement with Chandler Asset Management for Investment Advisory Services and authorized the City Manager to execute the contract.

8Q. Community Facilities Districts Annual Financial Report for the Fiscal Year June 30, 2023

The City Council received and filed the Community Facilities Districts Annual Financial Report for the Fiscal Year June 30, 2023.

8R. 2023-2024 City Council Priorities and Projects Updates

The City Council received and filed the 2023-2024 City Council Priorities and Projects Updates.

8S. Monthly Report of Investments for the City of Brea for Period Ended September 30, 2023 -

The City Council received and filed the Monthly Report of Investments for the City of Brea for Period Ended September 30, 2023.

8T. September Outgoing Payment Log and September 15, 22 & 29 and October 6, 13, 20 & 27, 2023 City Disbursement Registers

The City Council received and filed the September Outgoing Payment Log and September 15, 22 & 29 and October 6, 13, 20 & 27, 2023 City Disbursement Registers.

There was Motion made by Cecilia Hupp and seconded by Steve Vargas with a result of 4-0-1-0, to approve City Council Consent Items 8A - 8T.

9. CITY/SUCCESSOR AGENCY - CONSENT

9A. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ended September 30, 2023

The City Council, as the Successor Agency, received and filed the Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ended September 30, 2023.

9B. October 20, 2023 Successor Agency Disbursement Register

The City Council, as the Successor Agency, received and filed the October 20, 2023 Successor Agency Disbursement Register.

There was Motion made by Steve Vargas and seconded by Cecilia Hupp with a result of 4-0-1-0, to approve City/Successor Agency Consent Items 9A – 9B.

10. BREA ARTS CORPORATION - CONSENT

10A. Brea Arts Corporation Annual Report for Fiscal Year 2022-23

The City Council, as the Brea Arts Corporation, received and filed the Brea Arts Corporation Annual Report for Fiscal Year 2022-23.

There was Motion made by Cecilia Hupp and seconded by Steve Vargas with a result of 4-0-1-0, to approve Brea Arts Corporation Consent Item 10A.

11. ADMINISTRATIVE ANNOUNCEMENTS

11A. City Manager

None.

11B. City Attorney

None.

11C. Council Requests

None.

12. COUNCIL ANNOUNCEMENTS

12A. Council Announcements

None.

13. ADJOURNMENT

13A. Meeting Adjournment

Mayor Simonoff adjourned the General Session at 7:45 p.m.

Respectfully submitted,

The foregoing minutes are hereby approved
This 5 day of December, 2023.



Lillian Harris-Neal, City Clerk



Christine Marick, Mayor

CITY OF BREA
CITY COUNCIL NOTICE OF PUBLIC HEARING FOR DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT FOR A PROPERTY LOCATED AT 323 NORTH BREA BOULEVARD.

NOTICE IS HEREBY GIVEN by the City of Brea that a public hearing will be held at a City Council Meeting on **Tuesday, May 21, 2024, at 7:00 P.M.** or as soon thereafter as the matter can be heard, in the Council Chambers of the City of Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California 92821, in accordance with State Law and the Brea City Code, to consider the following application:

ITEM FOR CONSIDERATION: The City Council will consider the proposed Disposition, Development and Loan Agreement (DDLA), including Ground Lease, with Jamboree Housing Corporation for an affordable housing project to be located at a City-owned property.

PROPERTY ADDRESS: 323 North Brea Boulevard

ENVIRONMENTAL: The project has been assessed in accordance with the California Environmental Quality Act (CEQA) Guidelines and the environmental regulations of the City. The proposed DDLA is exempt from the requirements of CEQA pursuant to Sections 15061(b)(3) and 15194 of the CEQA Guidelines.

ALL INTERESTED PERSONS ARE INVITED TO ATTEND SAID HEARING AND EXPRESS OPINIONS ON THE MATTERS OUTLINED ABOVE. FURTHER INFORMATION MAY BE OBTAINED BY CALLING THE COMMUNITY DEVELOPMENT DEPARTMENT AT (714) 990-7600 OR BY EMAILING HOUSING@CITYOFBREA.NET.

IF YOU CHALLENGE THE PROJECT AND RELATED ENVIRONMENTAL DETERMINATIONS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE PUBLIC HEARING DESCRIBED IN THIS NOTICE, OR IN WRITTEN CORRESPONDENCE, DELIVERED AT THE PUBLIC HEARING.

Lillian Harris-Neal
City Clerk

Date: 04/24/2024 Publish: 05/02/2024

CITY OF BREA
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Lillian Harris-Neal
City Clerk

Date: 05/01/2024 Publish: 05/09/2024



18012 Mitchell South
Irvine, CA 92614

949.660.7600
UnitedWayOC.org

May 6, 2024

TO: Mayor and City Councilmembers of the City of Brea

RE: Support for Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard (Agenda item 5K, May 7, 2024)

Orange County United Way (OCUW) writes today to express our support for the Permanent Supportive Affordable Housing Project that is under consideration. This proposal would contribute needed housing for people to end their homelessness. In addition, we want to thank the City Council for their commitment to affordable housing initiatives in the past.

Jamboree Housing is a well-established and trusted developer partner with more than 10 years of experience owning and operating Permanent Supportive Housing, and is sure to lead to both a beautiful and successful project that will transform lives. Founded in Orange County and having a history of successful affordable housing developments in Brea, Jamboree has seen great success in housing residents, as more than 90% of the residents remained stably housed.

Affordable housing is consistently cited as the primary reason for homelessness, adding more affordable housing will prevent people at risk from experiencing the trauma of living on the streets while reducing the strain on emergency services and public resources.

In 2018, OCUW launched United to End Homelessness, a powerful collaboration among Orange County's top business, philanthropic, government, faith-based, and non-profit leaders committed to ending homelessness and ensuring housing and services are available for every individual who may need them. United to End Homelessness has been an influential voice in advocating for housing as the solution to end homelessness, and OCUW has always supported and maintained that affordable, stable housing is the building block to success. We are eager to be a resource to you in finding solutions to serve your entire community.

Thank you for your support of the project at 323 North Brea Boulevard. We are grateful to you for your willingness to improve the lives of those in-need in our community.

Sincerely,

A handwritten signature in blue ink that reads "Susan B. Parks".

Susan B. Parks
President & CEO



**UNITED TO END
HOMELESSNESSSM**

May 6, 2024

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Thank you for your support of the project at 323 North Brea Boulevard. We are grateful to you for your willingness to improve the lives of those in-need in our community.

Lawrence R. Armstrong
Chair, U2EH Leadership Council

Becks Heyhoe
Executive Director, United to End Homelessness

City Council Public Hearing

Disposition, Development, and Loan Agreement, and Ground
Lease for a Permanent Supportive Affordable Housing Project at
323 North Brea Boulevard

Affordable Housing Efforts



2001

Purchase of Site
By the Brea
Redevelopment
Agency.



May 2023

NOFA
For an affordable
housing project.



Mar. 2024

**Preliminary Plan
Review Application**
Jamboree Housing.



Oct. 2017

Purchase of Site
By the City of
Brea.

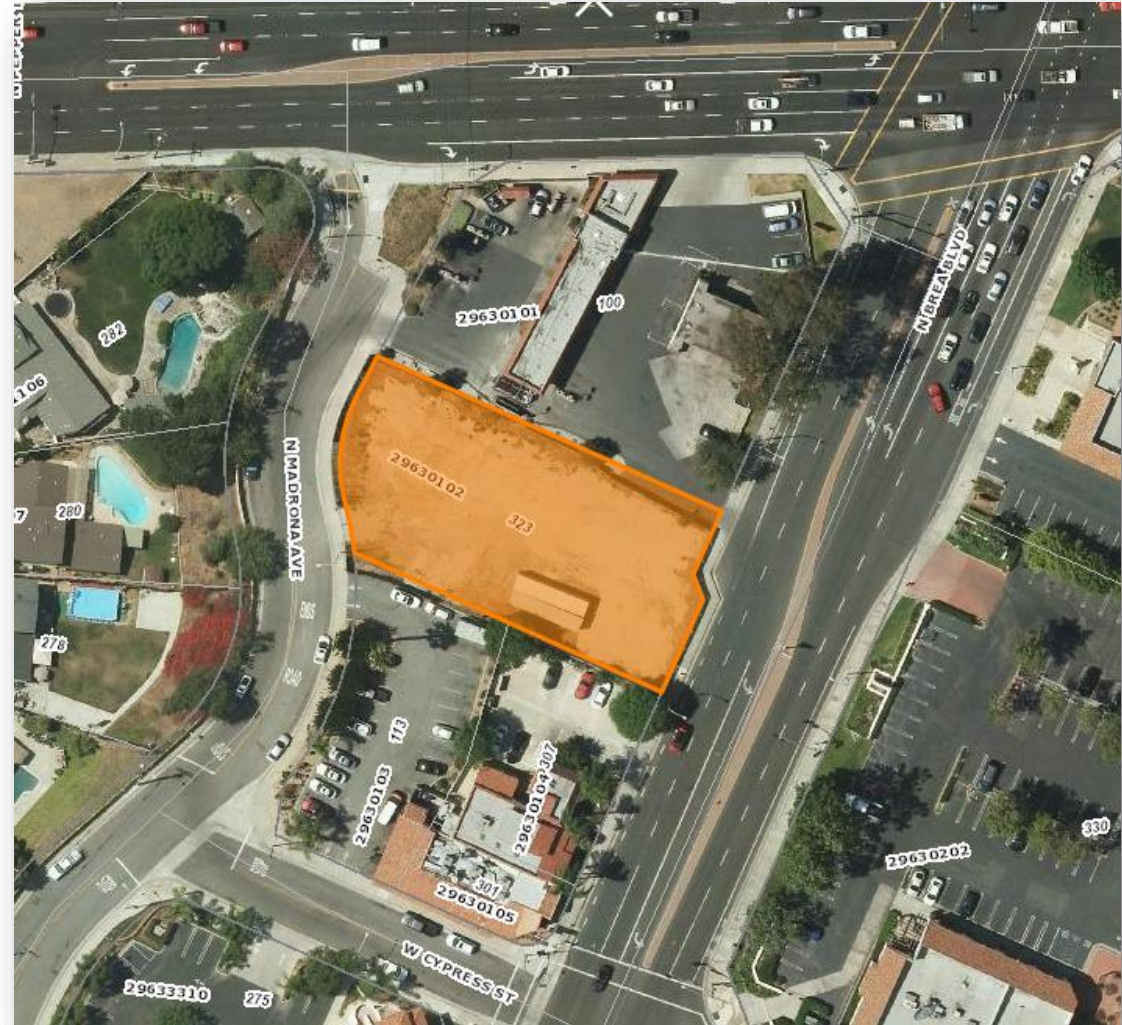


Nov. 2023

CalOptima Health
Grant award for
Permanent
Supportive Housing.

Proposed Project

- Permanent Supportive Affordable Housing at 323 North Brea Boulevard
- Up to 40 units
- Extremely Low-Income households
- On-site manager
- Resident services and case management
- Determine California Environmental Quality Act exemption
- Request for City financial contributions
 - Land donation
 - CalOptima Health Grant award
 - City Housing Funds



May 7, 2024 City Council Meeting Actions



- Review and provide comments on draft Disposition, Development, and Loan Agreement and direct staff to bring back to May 21, 2024 City Council Meeting for a Public Hearing and formal approval
- Appropriate \$8,028,491.51 from Affordable Housing Trust Fund;
- Appropriate \$2,457,483.00 from Housing Successor Fund;
- Authorize City Manager to authorize wire transfer of funds;
- Authorize waiving Development Impact and In-Kind Fees; and
- Adopt Resolution No. 2024-030 determining Surplus Land Act and California Environmental Quality Act exemption.

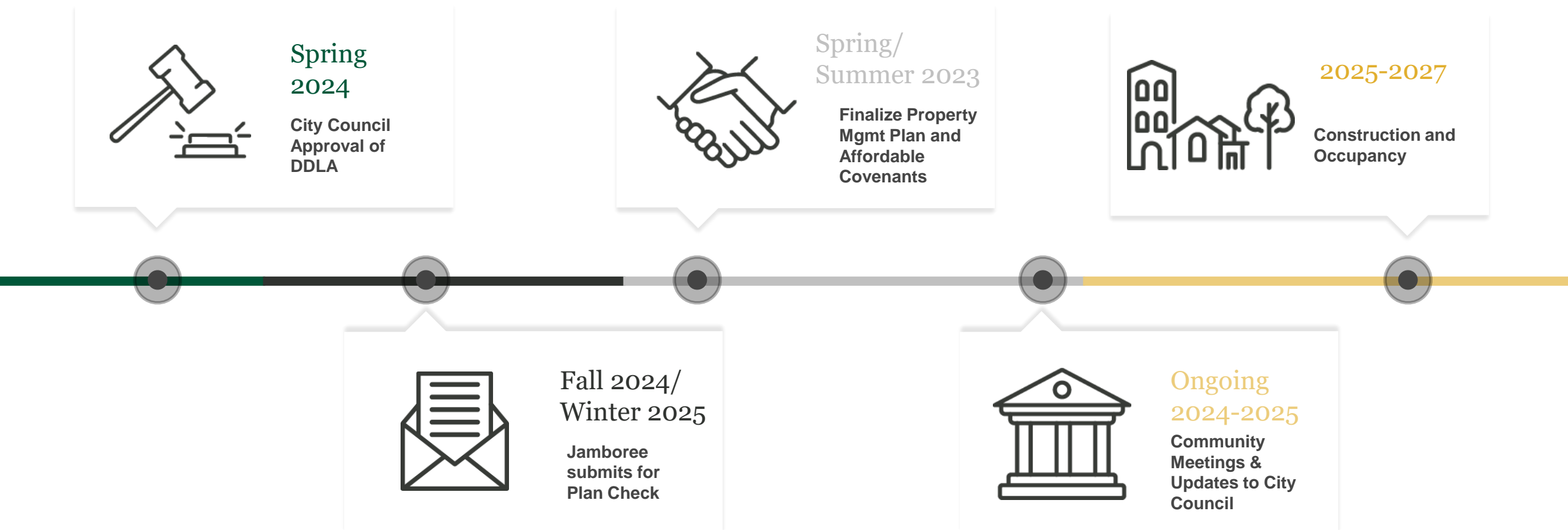
Disposition, Development, and Loan Agreement



	Ground Lease	CalOptima Health Grant Award	City Affordable Housing Trust	City Housing Successor
Term	99-years	55-years	55-years	55-years
Amount	\$1.00 annual rent	\$6,028,491.51	\$2,000,000.00	\$2,457,483.00*
Interest/Repayment	N/A	0%, Forgivable Grant	0-3%, Optional Residual Receipts	0-3%, Optional Residual Receipts
Additional Requirements	Restricted to affordable housing use	Funding must serve and support CalOptima Medi-Cal members	Funding must be allocated toward the production of affordable housing	Funding must be allocated toward the production of affordable housing

*Excess surplus must be encumbered for development of affordable housing by **June 30, 2024**

Next Steps



Recommendation



1. Approve a Disposition, Development, and Loan Agreement (“DDLA”) regarding 323 North Brea Boulevard, which includes the terms and conditions for a 99-year ground lease to JHC-Acquisitions LLC (“Jamboree”);
2. Authorize the City Manager and City Clerk to execute the DDLA;
3. Authorize the City Manager and City Attorney to administratively make non-monetary revisions to the DDLA and related documents as necessary or appropriate; and
4. Adopt a Resolution approving the DDLA (and its exhibits) and making findings California Health and Safety Code Section 33433.

City Council Public Hearing

Disposition, Development, and Loan Agreement, and Ground
Lease for a Permanent Supportive Affordable Housing Project at
323 North Brea Boulevard



City of Brea

City Council Regular Meeting Communication

May 7, 2024 City Council Regular Meeting Minutes

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4A
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Approve.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared By: Alex Sung, City Clerk Specialist

Concurrence: Lillian Harris-Neal, City Clerk

Attachments

[05-07-2024 - Draft Minutes.pdf](#)

**** The following document is a draft of the minutes and the not the official approved minutes**

Minutes for the City Council Regular Meeting

1 Civic Center Circle, Brea, California 92821

May 7, 2024

Roll Call: *(The following members were in attendance)*

- **Marty Simonoff**, Council Member
- **Steve Vargas**, Council Member
- **Cecilia Hupp**, Council Member
- **Christine Marick**, Mayor
- **Blair Stewart**, Mayor Pro Tem

1. CLOSED SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR - 5:45 P.M.

1A. Call to Order/Roll Call-

Mayor Marick called the Closed Session to order at 5:45 p.m. All members were present, with Council Member Vargas and Council Member Simonoff participating via Zoom teleconference.

1B. Public Comment-

None.

1C. Conference with City's Labor Negotiator Pursuant to Government Code 54957.6 Regarding the Brea Fire Association-

1D. Conference with Legal Counsel Pursuant to Government Code Section 54956.9(d)(4) - Anticipated Litigation. Initiation of Litigation: 1 potential case.-

Mayor Marick adjourned the Closed Session at 7:03 p.m.

2. STUDY SESSION - EXECUTIVE CONFERENCE ROOM 3RD FLOOR - 6:30 P.M.

2A. Call to Order/Roll Call-

The Study Session meeting was cancelled due to time constraints.

2B. Pubic Comment-

2C. Clarify Regular Meeting Topics -

2D. Council Member Reports/Requests-

2E. Disposition, Development, and Loan Agreement, Ground Lease, and Funding Request for a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard-

3. GENERAL SESSION - COUNCIL CHAMBERS PLAZA LEVEL - 7:00 P.M.

3A. Call to Order/Roll Call

Mayor Marick called the meeting to order at 7:09 p.m., all members were present with Council Member Vargas participating via Zoom teleconference, and with Council Member Simonoff absent.

3B. Pledge of Allegiance: Boy Scout Troop 707

Boy Scout Troop 707 led the Pledge of Allegiance.

3C. Invocation: Pastor Dan Crane, Formation Church

Pastor Dan Crane, Formation Church, led the Invocation.

3D. Presentation: Engage Brea Recognition

Senior Management Analyst Ambriz provided a presentation on Engage Brea, Understanding Your City, an eight-week community engagement program that connected residents with their local City government and provided participants with a general overview of City operations, departments, and external agencies. She thanked City Council, staff, and Dr. Spitzer for their contributions and introduced participants to give testimonials on their experience.

Mayor Marick, on behalf of the entire City Council, recognized all participants and presented them with a Certificate acknowledging their completion of Engage Brea.

3E. Proclamation: National Police Week

Mayor Marick, on behalf of the City Council, presented Police Chief Hawley and the Brea Police Department with a Proclamation in honor of National Police Week.

3F. Report - Prior Study Session

The Study Session meeting was cancelled due to time constraints.

3G. Community Announcements

Mayor Pro Tem Stewart announced that the City of Brea recognized National Vietnam Veterans Day on March 29. He noted that throughout Brea's history, community members have proudly served our country in the military. To honor the Vietnam Veterans in Brea, especially those who made the ultimate sacrifice for their country, City staff place a wreath at the Brea Veterans Memorial on March 29. He indicated that the City would like to thank all Vietnam Veterans and their families for their brave service and sacrifice and read the names of those inscribed on the Memorial's Monument of Remembrance.

Council Member Hupp announced that the City will host a day of fun activities at the Fire Department & Public Works Open House on Saturday May 11 from 10:00 a.m. to 2:00 p.m. The event will take place at Fire Station 1 and the adjacent City Service Center. Both are located on Berry Street, between Lambert Rd. and Central Ave. She encouraged the community to attend this family-friendly event featuring an inside look at City department equipment and vehicles, fire demonstrations, refreshments, a live band and giveaways.

3H. Matters from the Audience

Trudy DesRoches, Yorba Linda Water District Director, provided an update on the recent well upgrades in the City of Brea to improve efficiency.

Sean Thomas spoke about the increased coyote presence in the City, especially around the Tracks, and encouraged residents to be aware of their surroundings. In addition, he expressed gratitude to the Police Department for the service they provide to the community.

Andy Parsons, an Engage Brea participant, expressed gratitude for the program and the opportunities it provided him throughout the course, and showed appreciation for street maintenance.

3I. Response to Public Inquiries

City Manager Gallardo addressed Sean Thomas's concerns about coyotes and stated that wildlife awareness signs are being developed to be posted along the trails. He also mentioned the most recent BreaLine included an article reminding residents about wildlife safety.

4. PUBLIC HEARING

4A. Zoning Ordinance Text Amendment No. 2023-03

Assistant Planner Nava presented a summary of Zoning Ordinance Text Amendment (ZOTA) No. 2023-03 covering changes the Minor Conditional Use Permit (MCUP) process; other land use related provisions; public convenience or necessity requests; and other minor updates with staff's recommendation to streamline the City's entitlement process.

Mayor Marick opened the Public Hearing.

Seeing no members of the public wishing to address the Council, Mayor Marick closed the Public Hearing.

Community Development Director Killebrew addressed Council and resident's concerns about parking standards in the ZOTA and the purpose for creating a MCUP. He clarified that all residents have the ability to reach out and be notified for any MCUPs ahead of time.

The City Council spoke in support of the ZOTA.

Motion was made by Mayor Pro Tem Stewart and seconded by Council Member Hupp to approve Zoning Ordinance Text Amendment No. 2023-03. Motion passed 4-0-0-1 (Ayes: Marick, Stewart, Hupp, Vargas; Absent: Simonoff).

5. CONSENT CALENDAR

Motion was made by Council Member Hupp and Seconded by Mayor Pro Tem Stewart to Approve City Council Consent Items 5A - 5L. Motion passed 4-0-0-1 (Ayes: Marick, Stewart, Hupp, Vargas; Absent: Simonoff), with exception of Council Member Vargas voting no on Item 5K.

5A. April 16, 2024 Regular City Council Meeting Minutes

The City Council approved the April 16, 2024 Regular City Council Meeting Minutes.

5B. Annual Report Related to Police Department Use of Military Equipment as required by Government Code § 7072

The City Council received and filed the Annual Report Related to Police Department Use of Military Equipment as required by Government Code § 7072.

5C. Contribution to the City's Other Post Employment Benefits (OPEB) Trust Fund with Public Agency Retirement Services (PARS)

The City Council approved an immediate transfer of \$250,000 from the City's Other Post Employment Benefits (OPEB) Fund (150) to the Public Agency Retirement Services (PARS) Post-

Retirement Health Care Trust Program and authorized an additional \$175,000 transfer in June 2024.

5D. Authorize Purchasing Agent or Designee to Issue a Purchase Order with KI to Replace Facility Rental Chairs at the Brea Community Center

The City Council authorized Purchasing Agent or Designee to issue a Purchase Order with KI to purchase 500 chairs with a not-to-exceed amount of \$120,553 for Facility Reservations at the Brea Community Center.

5E. Amendment to the Position Allocation List - One Part-Time Community Services Coordinator Position for the Senior Nutrition Program

The City Council approved Resolution No. 2024-029 amending the Position Allocation List to include a new part-time regular Community Services Coordinator position in the Community Services Department.

5F. Award a Contract for Legislative Advocacy Services

The City Council approved the agreement with Townsend Public Affairs, Inc. to provide Legislative Advocacy Services for a not-to-exceed amount of \$252,000 for a three-year term; and authorized the City Manager to execute the agreement; and return to City Council for authorization of any optional extensions.

5G. Acceptance of Berry Street Reservoir Ring Road Rehabilitation, CIP No. 7965

The City Council accepted project as complete and authorize City Clerk to file and record Notice of Completion; authorized the City Clerk to release the Performance Bond upon acceptance of the Warranty Bond and release the Payment Bond upon further notification from the Public Works Department; and accepted the Warranty Bond.

5H. Acceptance of South Brea Water & Sewer Improvements, CIP Nos. 7454, 7466, & 7626

The City Council accepted project as complete and authorize City Clerk to file and record Notice of Completion; authorized the City Clerk to release the Performance Bond upon acceptance of the Warranty Bond and release the Payment Bond upon further notification from the Public Works Department; and accepted the Warranty Bond.

5I. North Orange County Public Safety Collaborative "Operational Agreement" and "Agreement to Transfer Funds"

The City Council approved the City of Brea's continued participation in the North Orange County Public Safety Collaborative and authorized the City Manager to execute all necessary documents and accept the accompanying funds.

5J. Pre-Employment Background Investigation Services

The City Council approved the Agreement with Palicon Group (Palicon) to provide the Police Department with pre-employment background investigation services in the amount not-to-exceed 75,000 per year; and authorized the City Manager to issue up to four one-year extensions exclusive of any cost increases.

5K. Disposition, Development, and Loan Agreement, Ground Lease, and Funding Request for a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard

Council Member Vargas voted no on this item.

The City Council reviewed and provided initial comments on a Disposition, Development, and Loan Agreement with Jamboree Housing Corporation for the construction and operation of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard; directed staff to bring the Disposition, Development, and Loan Agreement back to the May 21, 2024 City Council Meeting for formal approval at a Public Hearing to authorize the City Manager and City Clerk to execute Disposition, Development, and Loan Agreement, which includes: Executing a 55-year Ground Lease (or maximum allowed by law); Utilizing the CalOptima Health Grant award funds in the amount of \$6,028,491.51 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard; Utilizing the City of Brea's Affordable Housing Trust funds in the amount of \$2,000,000.00 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard; Utilizing the City of Brea's Housing Successor funds in the amount of \$2,457,483.00 towards development of a Permanent Supportive Affordable Housing Project at 323 North Brea Boulevard; and Authorizing the City Manager and City Attorney to administratively revise the Disposition, Development, and Loan Agreement as needed; Amended the City's Fiscal Year 2023-25 Operating Budget to appropriate \$8,028,491.51 from the Affordable Housing Trust Fund (270) for the Disposition, Development, and Loan Agreement; amended the City's Fiscal Year 2023-25 Operating Budget to appropriate \$2,457,483.00 from the Housing Successor Fund (280) for the Disposition, Development, and Loan Agreement; authorized the City Manager to authorize a wire transfer/s of the specified funds to Jamboree Housing Corporation; authorized the City Manager or his designee to approve waiving Development Impact Fees in an amount up to \$1,900,000.00; authorized the City Manager or his designee to approve waiving In-Kind Fees as applicable; approved a California Environmental Quality Act

(CEQA) Exemption Determination under CEQA Guidelines Sections 15061 (b)(3) and 15194; and adopted Resolution No. 2024-030 declaring the project site of 323 North Brea Boulevard exempt from the Surplus Land Act pursuant to California Government Code Section 54221(f)(1)(B) (Attachment B).

5L. Outgoing Payment Log and April 12, 19 and 26, 2024 City Disbursement Registers

The City Council received and filed the outgoing payment log and April 12, 19, and 26, 2024 City Disbursement Registers.

6. ADMINISTRATIVE ANNOUNCEMENTS

6A. City Manager-

None.

6B. City Attorney-

None.

6C. Council Requests-

None.

7. COUNCIL ANNOUNCEMENTS

7A. Council Announcements-

None.

8. ADJOURNMENT

8A. Meeting Adjournment-

Mayor Marick adjourned the General Session at 8:11 p.m.



City Council Regular Meeting Communication

Accept a one-time \$100,000 Community Development Block Grant under the Coronavirus Aid, Relief and Economic Security (CARES) Act for ADA Improvements at the Arovista Park Upper Parking Lot

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4B
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

1. Accept a one-time grant for the Community Development Block Grant (CDBG) Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, H.R. 748. with the County of Orange in the amount of \$100,000 for ADA improvements at the Arovista Park Upper Parking Lot Project (CIP 7948).
2. Adopt Resolution No. 2024-033 authorizing the Mayor or his/her designee to execute, for an on behalf of the City of Brea, the necessary agreement(s) and/or any other documents or actions required by the grant.

BACKGROUND/DISCUSSION

The Community Services Department has secured a one-time CARES Act grant from the County of Orange distributed as part of the Community Development Block Grant (CDBG) Program. These funds are intended to be used in line with the CARES Act requirements, which include efforts to prevent, prepare for and respond to the Coronavirus outbreak, as well as meet the general goals of the CDBG program which give priority to projects associated with Senior Centers, homelessness, alley improvements, among others.

The Community Services Department has identified the Arovista Park parking lot adjacent to the Brea Senior Center as a location to provide ADA upgrades improving accessibility to the park. The project will include converting five (5) parking stalls to ADA stalls, as well as install an ADA ramp. This effort aims to reduce Coronavirus exposure by increasing access to outdoor recreation and general wellness activities, improving the health of participants, thereby limiting hospital visits which might also result in an exposure.

The grant funds are immediately available with an expiration date set for August 2024. As part of the acceptance of funds, the City Council is required to adopt a resolution authorizing the Mayor or his/her designee to execute all contracts or documentation related to the grant, which is consistent with annual Community Development Block Grants entered into by the City.

COMMISSION/COMMITTEE RECOMMENDATION

At their May 14, 2024, meeting the Finance Committee recommended this item be considered by the City Council.

FISCAL IMPACT/SUMMARY

There is no General Fund impact with this request and all costs will be reimbursed through the Community Development Block Grant. Any grant revenues received, or expenditures incurred will be appropriated as part of the FY 2023-25 Capital Improvement Program Budget.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Jenn Colacion, Senior Management Analyst

Concurrence: Chris Emeterio, Assistant City Manager and Michael Ho, Public Works Director

Attachments

[Resolution_DRAFT.pdf](#)

RESOLUTION NO. 2024-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA TO APPROVE THE CITY'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITIES (CARES) ACT, H.R. 748 WITH THE COUNTY OF ORANGE

A. RECITALS:

(i) It is the intent of the City of Brea to accept funding from the County of Orange for a grant authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, H.R. 748, herein referred to as the CDBG-CV Grant.

(ii) The Coronavirus Aid, Relief, and Economic Security (CARES) Act, H.R. 748, authorizes local jurisdictions to utilize funds for efforts meant to prevent, prepare for, and respond to the Coronavirus outbreak.

(iii) The County of Orange received CARES Act funding and has been authorized to distribute CDBG-CV grants to qualifying cities with projects that meet the intent of the CARES act.

(iv) The City of Brea desires to accept the award of CDBG-CV funds and authorizes the execution of the necessary agreements, contracts and amendments and other corresponding documentation to accept the CDBG-CV funds.

B. RESOLUTION:

NOW, THEREFORE, THE CITY OF BREA, HEREBY, RESOLVES, AND ORDERS AS FOLLOWS:

(i) The City of Brea hereby accepts the award of CDBG-CV funds through the County of Orange which will be used to make necessary ADA improvements at the Arovista Park Upper Parking Lot.

(ii) The City of Brea authorizes the Mayor or his/her designee to execute, for and on behalf of the City of Brea, the necessary agreement(s) and/or any other documents or instruments required by the County and/or the United States Department of Housing and Urban Development for participation in the Urban Counties Program and/or for acceptance of the CDBG-CV funds.

APPROVED AND ADOPTED this 21st day of May 2024.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Council of the City of Brea, held on the 21st day of May 2024 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

Dated: _____

Lillian Harris-Neal, City Clerk



City Council Regular Meeting Communication

November 5, 2024 General Municipal Election Authorization and Consolidation Request

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4C
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Adopt Resolution No. 2024-034 calling and giving notice of the holding of a General Municipal Election on Tuesday, November 5, 2024 for the election of certain officers as required by provisions of the laws of the State of California relating to General Law cities; and Adopt Resolution No. 2024-035 requesting the Board of Supervisors of the County of Orange to consolidate a General Municipal Election held on Tuesday, November 5, 2024 with the Statewide General Election to be held on that date pursuant to Section 10403 of the California Elections Code.

BACKGROUND/DISCUSSION

Historically, the City of Brea consolidates its regular elections with statewide elections held on the first Tuesday of November of even numbered years to fill expired City Council terms in accordance with the California Elections Code and local regulations. To initiate the procedures in holding said election on Tuesday, November 5, 2024, the City Council must adopt resolutions calling for the election and requesting consolidation with the County's Statewide General Election.

The November 2024 General Municipal Election for the City of Brea will be held to fill two (2) at-large seats on the City Council, each with a full term of four (4) years, as well as one (1) City Treasurer seat for a full-term of four (4) years. As outlined in the California Elections Code, the nomination period for candidates will begin on Monday, July 15, 2024 and will end on Friday, August 9, 2024 at 5:00 p.m. If any of the two (2) City Council incumbents or one (1) City Treasurer incumbent do not file nomination papers by the August 9 deadline, the filing period automatically extends five (5) additional days and will expire on Wednesday, August 14, 2024 at 5:30 p.m.

In addition to requirements set forth in California Elections Code, the City Council adopted Ordinance No. 528, establishing a \$10 filing fee, which will be collected at the time of candidate filing.

California Elections Code also permits General Law cities to request consolidation with the Statewide General Election by adopting a resolution. The resolution requesting consolidation would authorize the Orange County Registrar of Voters (OCROV) to conduct the election on behalf of the City, as well as canvass the returns.

FISCAL IMPACT/SUMMARY

The Orange County Registrar of Voters ("OCROV") provided an election cost estimate in the range of \$61,772 - \$72,853 for the November 2024 General Municipal Election. The actual cost may vary based on the total number of registered voters, Vote Centers, and supplies. The total cost will be billed by the OCROV within 120 days of the election. Funding for the 2024 General Municipal Election has been allocated into the Fiscal Year 2024-25 adopted budget. There is no fiscal impact to the General Fund.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Victoria Bonescu, Deputy City Clerk

Attachments

[Resolution Calling Election.pdf](#)

[Resolution Requesting Consolidation.pdf](#)

RESOLUTION NO.2024-0XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A GENERAL MUNICIPAL ELECTION ON TUESDAY, NOVEMBER 5, 2024 FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES AND FOR THE SUBMISSION OF PROPOSED ORDINANCES

A. RECITALS:

(i) Under the provisions of the laws relating to General Law Cities in the State of California, the City of Brea shall hold a General Municipal Election on November 5, 2024, for the election of Municipal Officers; and

B. RESOLUTION:

NOW THEREFORE, the City Council of the City of Brea, California does resolve, declare, determine and order as follows:

1. That pursuant to the requirements of the laws of the State of California relating to General Law Cities, the Brea City Council calls and orders a General Municipal Election to be held in the City of Brea, California on Tuesday, November 5, 2024, for the purpose of electing two (2) Members of the City Council and one (1) Treasurer for the full term of four (4) years each.

2. That the ballots used at the election shall comply with form and content as required by law;

3. That this City Clerk is authorized, instructed and directed to, in coordination with the County of Orange Registrar of Voters, procure and furnish any

RESO NO. 2024-0XX
May 21, 2024

and all official ballots, notices, printed matter and all supplies, equipment, and paraphernalia in order to properly and lawfully conduct the election;

4. That the polls shall open at seven o'clock a.m. on the day of the election and shall remain open continuously from that time until eight o'clock p.m. on the same day when the polls shall close, pursuant to Election Code Section 10242, except as provided in Section 14401 of the Elections Code of the State of California;

5. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections;

6. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election in time, form and manner as required by law;

7. That in the event of a tie vote (if any two (2) or more persons receive an equal and the highest number of votes for an office) as certified by the County of Orange Registrar of Voters, the City Council in accordance with Election Code Section 15651(a) shall set a date, time, and place and summon the candidates who have received the tie votes to appear and will determine the tie vote by lot.

8. The City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

9. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED AND ADOPTED this 21st day of May, 2024.

RESO NO. 2024-0XX
May 21, 2024

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the 21st day of May, 2024, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

RESO NO. 2024-0XX
May 21, 2024

RESOLUTION NO.2024-0XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION HELD ON NOVEMBER 5, 2024 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE

A. RECITALS:

(i) The City Council of the City of Brea called a General Municipal Election to be held on November 5, 2024, for the purpose electing of two (2) Members of the City Council and one (1) Treasurer for full terms of four (4) years each.

(ii) The City Council desires to consolidate the General Municipal Election with the Statewide General Election held on the same date so that within the City, the precincts, polling places and election officers of the two elections shall be the same; that the county election department of the County of Orange will canvass the returns of the General Municipal Election; and to have the election be held in all respects as if there were only one election.

B. RESOLUTION:

NOW, THEREFORE, the City Council of the City of Brea does resolve, declare, determine and order as follows:

1. That pursuant to the requirements of Section 10403 of the Elections Code, the Brea City Council hereby requests the Board of Supervisors of the County of Orange to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 5, 2024, for the purpose of electing two (2) Members of the City Council and one (1) Treasurer for full terms of four (4) years each.

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May 21, 2024

2. That this resolution authorizes the county election department to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election and shall use only one form of ballot.

3. That this resolution requests that the Board of Supervisors issue instructions to the county election department to take any and all steps necessary for the holding of the consolidated election.

4. That the City of Brea recognizes that the County will incur additional costs by reason of this consolidation and agrees to reimburse the County for such costs.

5 That the City Council hereby directs the City Clerk to file a certified copy of this resolution with the Board of Supervisors and the county election department of the County of Orange.

6 That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED AND ADOPTED this 21st day of May, 2024.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

RESO NO. 2024-0XX
May 21, 2024

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the 21st day of May, 2024, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk



City Council Regular Meeting Communication

Personnel Budgeting Software Purchase

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4D
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Authorize the City Manager or designee to approve the Software as a Service Agreement between the City of Brea and ClearGov, Inc. for a Personnel Budgeting software solution in the amount of \$127,141 for a five-year term.

BACKGROUND/DISCUSSION

The Budget Division of the City of Brea currently utilizes a salary and benefit budgeting module within the CentralSquare Financial System called "Personnel Budgeting". This module is used to calculate salary and benefit information as part of the budget process. The implementation of this module was also intended to be used to run various costing scenarios as part of the labor negotiation decision making process. However, after five (5) years of use, the Personnel Budgeting module has proven to be time consuming for staff to setup; difficult to maintain employee pay records; and is unable to run various costing scenarios effectively and efficiently. In addition, the setup of the module is very complex and allows for budgeting errors that may impact the budget decision making process.

City staff submitted a Decision Package as part of the Fiscal Year 2023-25 biennial budget process, recommending replacement of the existing system with a more innovative solution that will enhance efficiencies with improved automation while maintaining accuracy and timeliness of information. This decision package was approved and staff moved forward with efforts to procure this solution.

In February of 2024, a Request for Proposal (RFP) was issued to solicit the services of a software provider capable of meeting the personnel budgeting needs of the organization. The scope of services described in the RFP detailed the required features that the software solution must be able to provide while also listing optional features. Although the immediate focus was a personnel budgeting module, City staff remained open to future consideration of additional features and modules that may be included at a reduced cost through bundling options and package offers. Five proposals were received by the February 29, 2024 deadline, and three of them were identified as best meeting the proposal evaluation criteria for a Personnel Budgeting solution, which are listed below:

Vendor	Product Name	Implementation and 5-Year Cost
ClearGov Inc.	ClearGov	\$127,141
IGM Technology Corp.	Gravity	\$137,616
Questica Ltd.	Questica	\$161,253

Administrative Services budget team staff coordinated virtual meetings with the top three vendors and Human Resources staff were also invited to participate, as these software solutions offer additional features that may also benefit the Human Resources Division. Representatives from each software provider gave presentations and answered questions allowing City staff to get an understanding of the product and the features and functionality available.

After careful consideration, the recommended solution is ClearGov, Inc. Their solution provides a user-friendly yet powerful budgeting software tool that is cost effective, comes highly recommended by other agencies and meets the

needs of our organization. The pricing model provided by ClearGov, Inc. allows for a multi-year discount of 3% applied to all five years. Although the agreement is for a five-year term, the contract allows the City to terminate for any reason at the completion of each annual period by providing the vendor with 60 days prior written notice.

COMMISSION/COMMITTEE RECOMMENDATION

This Staff Report was reviewed by the Finance Committee on May 14, 2024, and was recommended for approval.

FISCAL IMPACT/SUMMARY

Funding for this software was appropriated as part of the Fiscal Year 2023-25 biennial Operating Budget and is funded from the City's General Fund (110) as well as the Information Technology Fund (475). Staff recommends awarding the agreement to ClearGov, Inc. for a total cost of \$127,141, which includes initial implementation and the annual software licensing and support fee for the five-year term. No additional appropriation is needed at this time.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Anthony Godoy, Senior Management Analyst

Concurrence: Alicia Brenner, Budget Manager; Kristin Griffith, Director of Administrative Services; and

Attachments

[Attachment A - Personnel Budgeting RFP & Addendum](#)

[Attachment B - ClearGov Proposal](#)

[Attachment C - ClearGov SaaS Agreement & Service Order](#)



RFP No. 2024.02.06.01

Request for Proposals

Personnel Budgeting Software

TIMELINE | Key Milestones

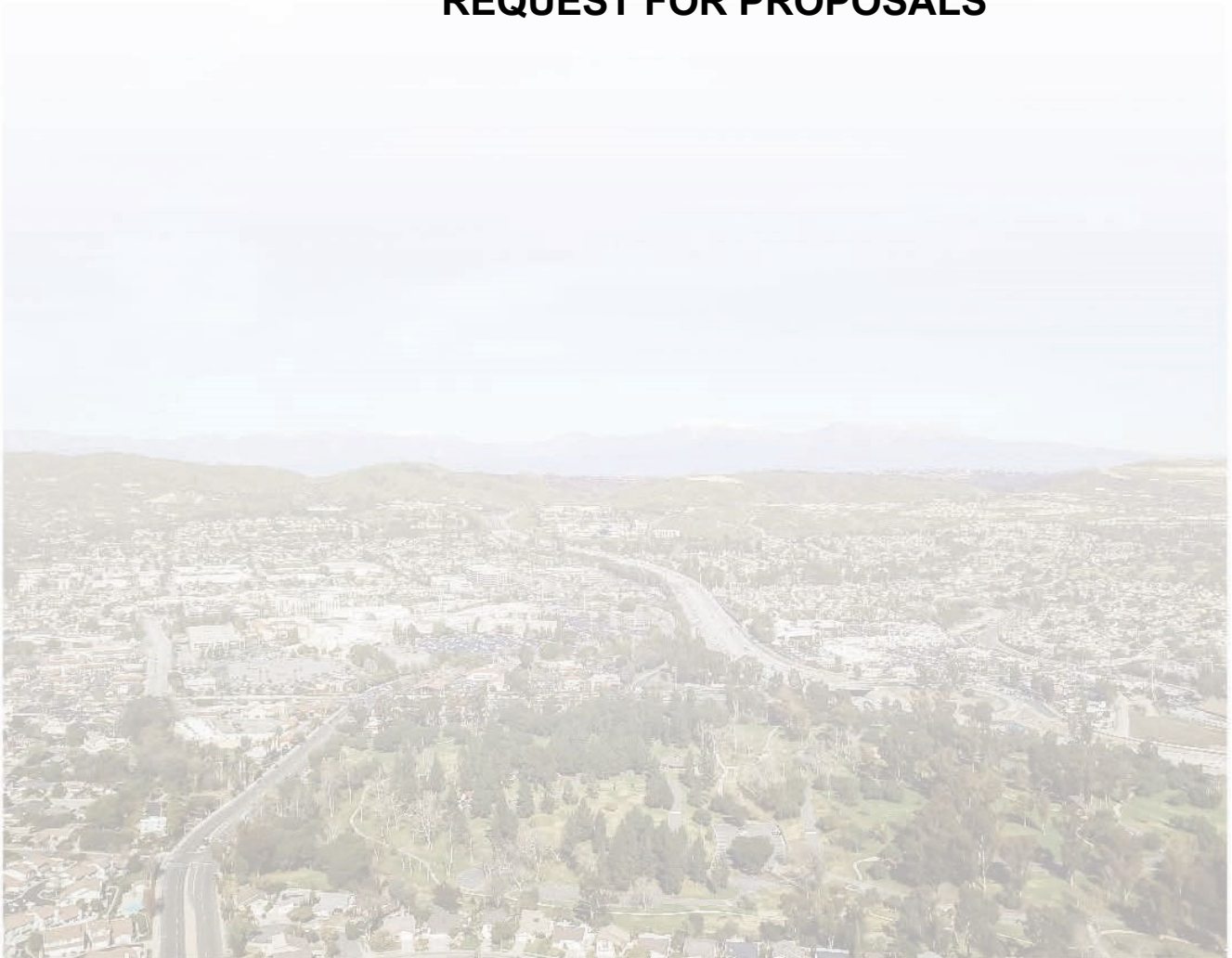
Key Milestone	Schedule
Release of RFP	February 6, 2024
Question Deadline	February 15, 2024 by 5:00 pm PST
Pre-Proposal Conference (if applicable)	Not Applicable
Final Addendum Issued	February 23, 2024
Proposal Deadline	February 29, 2024 by 5:00 pm PST
Interviews (week of)*	March 11, 2024
Selection of Proposer*	March 18, 2024
Finance Committee Recommendation*	March 26, 2024
City Council Award*	April 2, 2024
Services Begins*	April 8, 2024

*Tentative and may be amended at the City's option

To obtain solicitation documents, submit questions, receive answers, and submit a proposal, proposer's can visit the City's eProcurement Portal at the following hyperlink <https://www.publicpurchase.com/gems/brea,ca/buyer/public/home> (registration required).

Please note that proposals may only be submitted electronically.

PART I
REQUEST FOR PROPOSALS



Request for Proposals

Personnel Budgeting Software

I. Overview

A. Purpose

The City of Brea ("City") is requesting proposals from qualified service providers to provide Personnel Budgeting Software, as further set forth in Part III hereto, the Scope of Services and Specification Section ("Services"). Those submitting proposals are each referred to herein as "proposer". Any proposer selected to provide the foregoing services are sometimes referred to herein as "contractor."

B. Specific Processes Applicable to this Request for Proposal (RFP)

To obtain solicitation documents, submit questions, receive answers, and submit a proposal, visit the City's eProcurement Portal at the following hyperlink (registration is required)

City's eProcurement Portal

<https://www.publicpurchase.com/gems/brea.ca/buyer/public/home>

PROPOSALS MAY ONLY BE SUBMITTED ELECTRONICALLY

II. Questions and Answers.

A. Questions

Any person contemplating submitting a proposal in response to this RFP who has questions, requires clarification, or finds any discrepancies with respect to any part of this RFP, the Scope of Services and Specifications, the City's standard agreement contained herein, or any of the terms and conditions included therein (collectively, "Solicitation" or "RFP"), must submit their questions through the City's eProcurement Portal listed above by the Question Deadline set forth in the Timelines referenced on page one or as may be modified by any addendum. Questions not received by the Question Deadline will not be considered. As such questions, are non-responsive to the Solicitation requirements.

B. Answers

The City will issue addenda to answer question(s) received by the Question Deadline and provide clarifications and modifications to the Solicitation utilizing the City's eProcurement Portal as provided above, when deemed to be of sufficient importance or otherwise necessary to more fully implement the goals and intent of this RFP. Proposers must acknowledge receipt of all City-issued addenda. Only City's written addenda can modify the requirements of this RFP. Any modifications set forth in such addenda will supersede and take precedence over the original RFP and any

preceding addendums. Any other form of communications shall have no force or effect with respect to this Solicitation. The City will not be bound by any verbal representations of any City official or employee.

PROPOSALS NOT RECEIVED ELECTRONICALLY BEFORE THE PROPOSAL DEADLINE, SHALL NOT BE OPENED AND SHALL BE DISREGARDED. PROPOSERS BEAR ANY AND ALL RISKS OF UNTIMELY, OR NON-RECEIPT OF ANY PROPOSAL, REGARDLESS OF THE CAUSE.

III. Costs Included in Proposal

A. Preparation Expense

Proposers prepare and make proposal(s) at their sole expense.

B. All-Inclusive Costs

Pricing Must Be All-Inclusive. EACH PROPOSAL MUST BE INCLUSIVE OF ALL COSTS TO PERFORM THE REQUIRED SERVICES. Any and all costs of labor, transportation, materials, software, equipment, proprietary licenses, and any and all other fees, costs, taxes, insurance, and expenses necessary to comply with the requirements of this RFP and to provide the Services, must be included in the proposal price.

IV. Proposal Submission Requirements

A. General

- i. **Checklist.** Use this section as a checklist to help provide a complete response. Failure to include and provide all the information specified may result in rejection of the proposal without further evaluation or award consideration.
- ii. **Signatures.** Proposers must sign all forms where indicated. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.
- iii. **Additional Material.** Do not include any promotional material or any material that is not directly relevant to the objectives of this Solicitation.
- iv. **Organization.** Organize the proposal in the order shown below, separate each section with a section page and title, and number each section beginning with one.
- v. **Sections Division and Purpose.** Note the Qualifications and Forms sections will be used to determine if the proposer is qualified and responsive, while the Technical and Costs sections will be used to determine how well the proposer meets the requirements of this Solicitation and if the proposed costs are fair and reasonable. The Technical and Costs sections of the successful proposal may be attached to and incorporated as part of Exhibit A to the City's standard Agreement for execution.

B. Introduction Section

- i. **Title Page.** Provide a title page showing the Solicitation subject; the proposer's name; address, and the date of the proposal.
- ii. **Table of Contents.** Provide a table of contents detailing the various sections and page numbers of the information contained in the proposal.

- iii. **Letter of Transmittal.** Provide a letter of transmittal signed by an individual authorized to bind the proposer, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the required time period(s), a statement why the proposer believes itself to be best qualified to perform the Services and a statement that the proposal is a firm and irrevocable proposal.

C. Qualifications Section

- i. **Background.** Provide the proposer company's full legal name, address, phone, fax, email, website; Prior company names (if any) and years in business; mergers, buyouts; Organizational structure (i.e. corp., LLC, sole proprietorship, etc.) and chart; Names and titles of the principal owner(s); Person(s) authorized to contractually bind the company. List any pending litigation and describe any contracts terminated for cause and any governmental enforcement actions against proposer's company during the previous five (5) years. List any special recognition or awards.
- ii. **Experience.** Provide a summary of experience with similar kinds of work; Familiarity with state and federal procedures; Experience working with public agencies. Provide current business references for whom your company has provided similar services, and a very brief description of the provided services.
- iii. **Qualifications.** Provide a summary of financial responsibility; Demonstrated technical ability; Capability of developing innovative or advanced techniques; Special qualifications, training, credentials; Staff names, titles, role, qualifications, experience, and length of service and the designated project manager to be assigned to this agreement.
- iv. **Understanding.** Describe proposer's understanding of the work to be done as required by this RFP. Include any issues that will require special consideration in providing the Services and identify any unique approaches or strengths your company may have.

D. Technical Section

- i. **Approach.** Provide a detailed discussion and proposed methodologies of the proposer's approach to the successful performance of the Services. Include thorough discussions of methodologies proposer believes are essential to accomplishing each task. Include a proposed work schedule to accomplish all of the required tasks and identify the team member responsible for each.
- ii. **Proposed Schedule.** Provide a detailed recommended schedule of activities. If a Meet and Confer and Presentation Requirements and/or a Tentative Schedule are provided in the Scope of Services and Specifications Requirements Section any recommended modifications should be addressed.

E. Cost Section

- i. **Pricing.** Pricing shall be as specifically described in Exhibit A to the City's standard form of agreement attached hereto and incorporated by reference herein.

F. Forms Section

i. **Standard Forms.**

- a. Non-Collusion Affidavit Form
- b. References Form
- c. Subcontractors List-Standard Form
- d. Statement of Compliance or Exceptions Form
- e. Status of Past and Present Contracts Form
- f. Insurance Commitment Form
- g. Firm Proposal Form
- h. Proposer Qualifications Response Form

G. Withdrawal and Validity. Proposals may be withdrawn or re-submitted before the Proposal Deadline. Otherwise, proposals are binding for 120 days from the Proposal Deadline.

V. Proposal Review

- A. Opening Proposals.** Proposals remained unopened until the Proposal Deadline and thereafter will be electronically unsealed to begin the review and evaluation process set forth in the Evaluation, Award, Contract, Notice to Proceed Section below.
- B. Proposal Information Posted.** Proposals received by the Proposal Deadline, will have results posted on the City's website at www.ci.brea.ca.us/1254/Requests-for-Bids-Proposals-and-Quotes. The Proposal results are subject to change based on responsiveness and determination of qualifications. Further information may be obtained by visiting the webpage, clicking on Requests for Bids, Proposals, and Quotes, and scrolling to the desired solicitation. City will not provide results by any other means.
- C. Information Posted.** For this RFP, only company names of proposers timely submitting proposals, will be initially posted. No proposal will be available for public review until the evaluation phase has been completed and an award recommendation, if any, has been made.
- D. All Proposals Become City Property and Public Records.** All submitted proposals will become City property and public records subject to disclosure. However, no proposal will be disclosed unless and until a proposer is selected and recommended for contract award to the City Council; all proposals are rejected; or, this RFP process is terminated.

DO NOT SUBMIT CONFIDENTIAL INFORMATION. Any and all notices of "trade secrets", "confidential information", "do not disclose", and/or any similar types of notices in a proposal will be disregarded.

VI. Evaluation

- A. Non-Responsive Proposals.** Proposals that are late or misdirected; or where the proposer did not attend any required mandatory Pre-Proposal Meeting or is suspended or debarred (www.sam.gov) are non-responsive. Proposals that did not include the required documents or

information; modified any terms and conditions; had excessive or inadequate price relative to the Scope of Services and Specifications Requirements may cause the Proposal to be deemed non-responsive. Non-responsive Proposals will not be considered for further evaluations or award.

- B. **Responsive Proposals.** Proposals that conform in all material respects to the RFP and are eligible for further consideration.
- C. **Informalities.** City may waive any informalities in any proposal or this RFP process as deemed in City's best interest.
- D. **Basis of Award and Evaluation Criteria.** If an award is made, it shall be made based on the proposal determined to provide the greatest benefit to the City. City will evaluate and score each proposal based on how well it meets the Proposal Submission Requirements including, but not limited to, the Qualifications, Technical, Cost, Forms sections; any required clarifications, presentations, interviews; other available information; any required Best and Final Offer (BAFO) responses; and any other requirements of this RFP not mentioned specifically in this paragraph.

The scoring for Evaluation Criteria is set forth below:

Responsiveness of the Proposal including ability to meet the City's timelines, and acceptance of City's standard form of agreement	25%
Proposer's qualifications and prior experience	25%
Technical approach to provide the Services	20%
Value and economy to City of the proposed Project approach	20%
Pricing	10%

The City reserves the right to select one or more proposers for further consideration or award of a contract, based solely on their proposal or, on their proposal and any interviews. The City reserves the right to negotiate a final agreement with one or more of the top scoring proposers.

Award, Reject, Rescind.

As may be in City's best interest, City may accept and award a contract to any proposer; rescind any award; reject any or all proposals; and/or terminate this RFP process at any time.

Agreement.

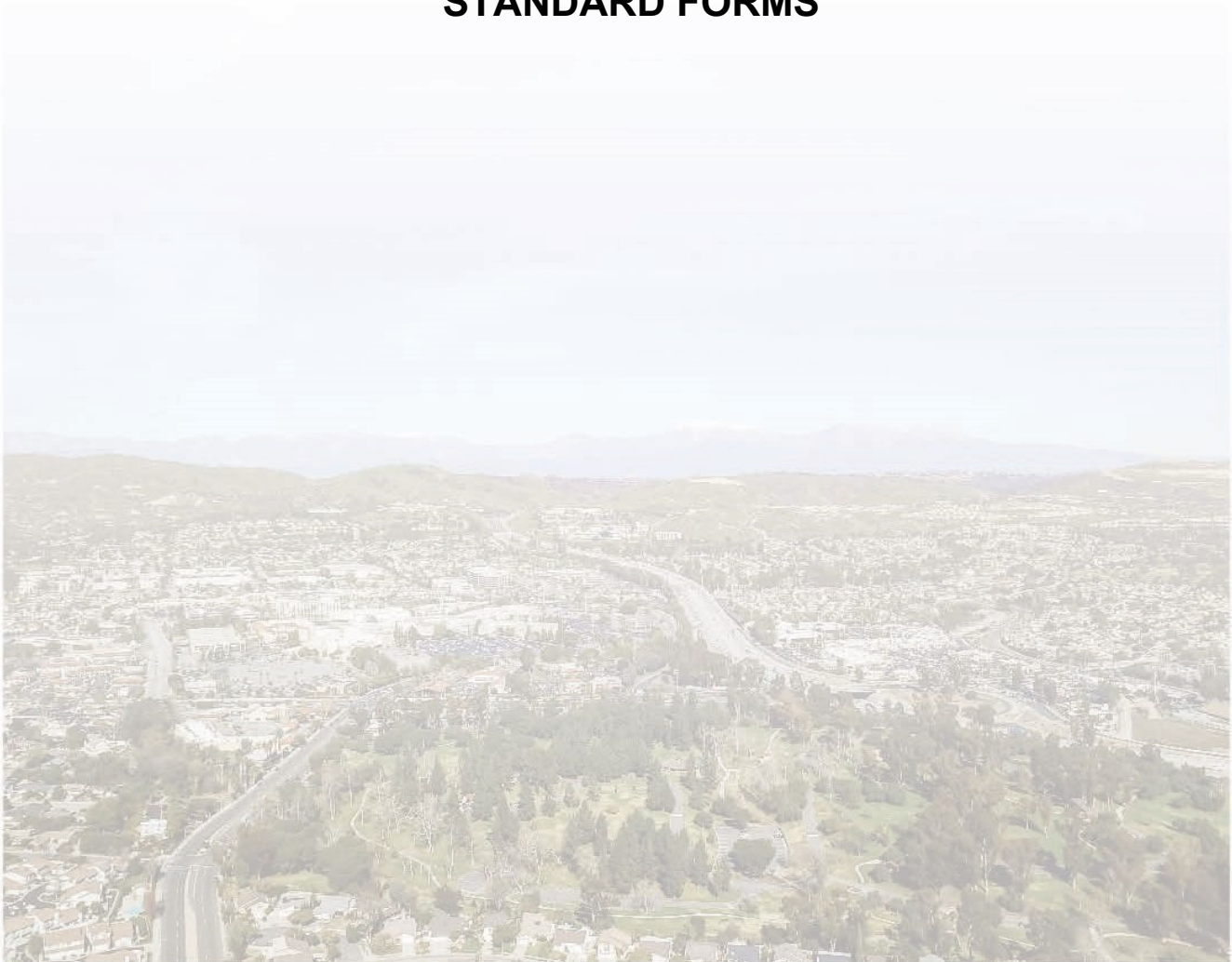
If an agreement is awarded, City will do so after the successful proposer has satisfied all post-award requirements (insurance, bonding, etc.). The City's standard form of agreement is attached. Any requested changes to the agreement will be considered as part of the evaluation/scoring process.

Notice to Proceed.

City will issue a notice to proceed to contractor(s) to commence providing the Services at the time stated in that notice. Absent a formal notice to proceed letter, delivery of the Purchase Order becomes the de facto notice to proceed unless otherwise stated in the Purchase Order.

End of this Section.

PART II STANDARD FORMS



NON-COLLUSION AFFIDAVIT FORM

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REQUEST FOR PROPOSALS
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STANDARD FORM B
REFERENCES FORM

(Proposer's Company Name)

Provide current business references for whom your company has provided similar services.
Provide very brief description of the Project services your company provided to the reference.
Any unsatisfactory references or past unsatisfactory work performance with City may eliminate Proposer from further consideration (Brea City Code Sec. 3.24.020.M)

1. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Project		
Completion Date & Value		
2. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Project		
Completion Date & Value		
3. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Project		
Completion Date & Value		
4. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Project		
Completion Date & Value		

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STANDARD FORM C
SUBCONTRACTORS LIST-STANDARD FORM

(Proposer's Company Name)

Provide the information requested below. Duplicate this form as necessary to complete list.

☐ Check this box, *if no subcontractors* are to be used for any of the proposed work.

1. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		
2. Company		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		
3. Company		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		

REQUEST FOR PROPOSALS
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STANDARD FORM D

STATEMENT OF COMPLIANCE OR EXCEPTIONS FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation.

_____|_____|_____
(Proposer's Company Name) *Select*

one:

_____|_____| **No Exceptions**

By checking the above box, Proposer declares their Proposal was prepared in strict compliance with the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement.

_____|_____| **With Exceptions**

By checking the above box, Proposer declares their Proposal was prepared in consideration of but with exceptions to one or more of the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement, in which case **Proposer must provide a detailed list for all such exceptions in the following format.**

Section Page #	Term, Condition, Specification	Exception & Benefit to City	City A or D
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Proposer acknowledges that City may accept or reject any or all of Proposer's listed exceptions or reject the Proposer's entire Proposal that contain any exceptions.

Signature: _____

Name/Title Date: _____

REQUEST FOR PROPOSALS
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STANDARD FORM E

STATUS OF PAST AND PRESENT CONTRACTS FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation. As used in this form, "Proposer" means Proposer or any 10% or greater owner of the proposing company; "Contract Termination" means termination for cause by any other party to a contract with the Proposer; "Settlement" means settlement of any claim or lawsuit brought against Proposer in connection with Proposer's services; and, "Legal Action" means any lawsuit alleging fraud, breach or any other misconduct by, or filed against, Proposer.

(Proposer's Company Name)

☐ **No Contract Terminations, Settlements, or Legal Actions**

By checking the above box, Proposer declares that the Proposer has not had any Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder and currently does not have any pending Contract Terminations, Settlements, or Legal Actions.

☐ **One or More Contract Terminations, Settlements, or Legal Actions**

By checking the above box, Proposer declares that the Proposer has had either one or more Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder in which case, **Proposer must provide a list for all such contracts** and include: Contract Title, Contract Value, Termination Date, Company Name, Contact Name, Phone Number, and Reasons for and descriptions of the Terminations, Settlements, or Legal Actions.

The Proposer acknowledges that City may: reject any declarations that are not accompanied with the required documentation as described above; or reject any Proposals wherein Proposer has had any Terminations, Settlements, or Legal Actions that City in its sole discretion deems unacceptable.

Signature:

Name/Title Date:

REQUEST FOR PROPOSALS
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STANDARD FORM F

INSURANCE COMMITMENT FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation.

(Proposer's Company Name)

Proposer acknowledges that:

City reserves the right to modify the insurance requirements as set for in the Insurance Requirements section of the Agreement including limits, based on nature of the risk, prior experience, insurer, coverage, or other special circumstances.

City's acceptance and/or approval of the proposer's insurance documents does not and shall not be construed to relieve proposer of any obligations, responsibilities or liabilities under any resultant Contract.

Proposer's failure to comply with the required insurance as set forth in the Insurance Requirements of the Agreement is a breach of contract, which may result in one or more of the following: suspension of work, suspension or termination of contract, remuneration of procurement costs for obtaining a replacement contractor, and suspension from submitting future proposal based on proposer's default.

Proposer, at Proposer's sole cost and expense, hereby promises and agrees to:

Acquire required insurance set forth in the Insurance Requirements of the Agreement.

Provide policies of insurance from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California prior to commencing any work and allowing any subcontractor to commence work on any subcontract until it has secured all required insurance unless otherwise permitted or waived in writing by City's Risk Manager.

Maintain in force at all times during the term of any Contract, insurance policies as set forth in the Insurance Requirements of the Agreement; replace any policies whose carrier's rating falls below A VII with policies that meet or better the required A VII rating no later than the renewal date of the policy; amend, supplement, or endorse existing insurance policies that do not meet the insurance requirements set forth in the Insurance Requirements.

Proposer certifies, represents, and commits to all the Insurance Requirements of the Agreement.

Signature: _____

Name/Title Date: _____

REQUEST FOR PROPOSALS
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STANDARD FORM G
PROPOSER QUALIFICATIONS RESPONSE FORM

(Proposer's Company Name)

Proposers must have demonstrated trustworthiness, as well as the necessary quality, fitness, capacity, and experience to satisfactorily provide the requirements specified in this Solicitation based on prior experience with city, references, and other available information.

Provide the information requested below. Do not omit or renumber any sections. All items listed must be submitted and checked off to ensure qualification responsiveness.

1. Background.

Please provide the following information about your company:

- ☐ Your company's full legal name, address, phone, fax, email, website.
- ☐ Prior company names (if any) and years in business; mergers, buyouts, etc.
- ☐ Organizational structure (i.e. corp., LLC, sole proprietorship, etc.).
- ☐ Names and titles of the principal owner(s).
- ☐ Person(s) authorized to make commitments for your company.
- ☐ Special recognition or awards.

2. Experience.

Provide the following information relative to required services:

- ☐ Summary of Experience with similar kinds of work.
- ☐ Familiarity with state and federal procedures.
- ☐ Experience working with public agencies.
- ☐ Narrative of the working relationship with current business references for information not already included in the References Form.

3. Qualifications.

Provide the following information relative to required services:

- ☐ Financial responsibility.
- ☐ Demonstrated Technical Ability.
- ☐ Capability of developing innovative or advanced techniques.
- ☐ Special qualifications, training, credentials.
- ☐ Staff names, titles, role, qualifications, and experience assigned to this Project.
- ☐ Designated project manager assigned to this Project.

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4. Understanding.

Provide the following information relative to required services:

- ☐ Understanding of the work to be done based on this Solicitation.
- ☐ Include issues that you believe will require special consideration for this Project.
- ☐ Identify unique approaches or strengths your company has relative to required services.

5. Approach.

Provide the following information relative to required services:

- ☐ Understanding of the work to be done.
- ☐ Adequacy of labor and resources to satisfactorily perform the requested services and meet the City's needs.
- ☐ Names and titles of key management personnel.
- ☐ Team to be assigned for these services.

Submitted by:

Signature:

Name/Title Date:

REQUEST FOR PROPOSALS
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STANDARD FORM H
FIRM PROPOSAL FORM

(Proposer's Company Name)

FIRM PROPOSAL made by Proposer to the City of Brea:

I, the undersigned, hereby represent and warrant that I am authorized to submit this Proposal on behalf of and to bind the principals who I represent, to all the requirements of the City of Brea's Terms and Conditions, Specifications, Scope or Work, any attachments, exhibits, amendments; and I offer and agree to those requirements at the prices set forth in the Proposal Form.

Further, I understand that no contract exists unless City accepts this Proposal by executing the attached Agreement.

Business Name: _____

Business Address: _____

Federal ID#: _____

If any Work is a Public Works

Contractor Lic#: _____ DIR#: _____

Business Type: _____
(Proposer enter a number)

1. Individual/Sole Proprietor or Single-Member LLC; 2. C Corporation;
3. Corporation; 4. Partnership; 5. Trust/Estate; 6. Limited Liability Co.

By: _____

Name:

Title:

Email:

Date Signed: _____

CORPs: Chairperson, President, Vice President

LLCs: Manager

By: _____

Name:

Title:

Email:

Date Signed: _____

CORPs: Secretary, Assist. Secretary, Chief Finance

Officer, Assist. Treasurer

LLCs: Manager

[Pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), for limited liability companies, both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

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STANDARD FORM I
PRICE FORM

(Proposer's Company Name)

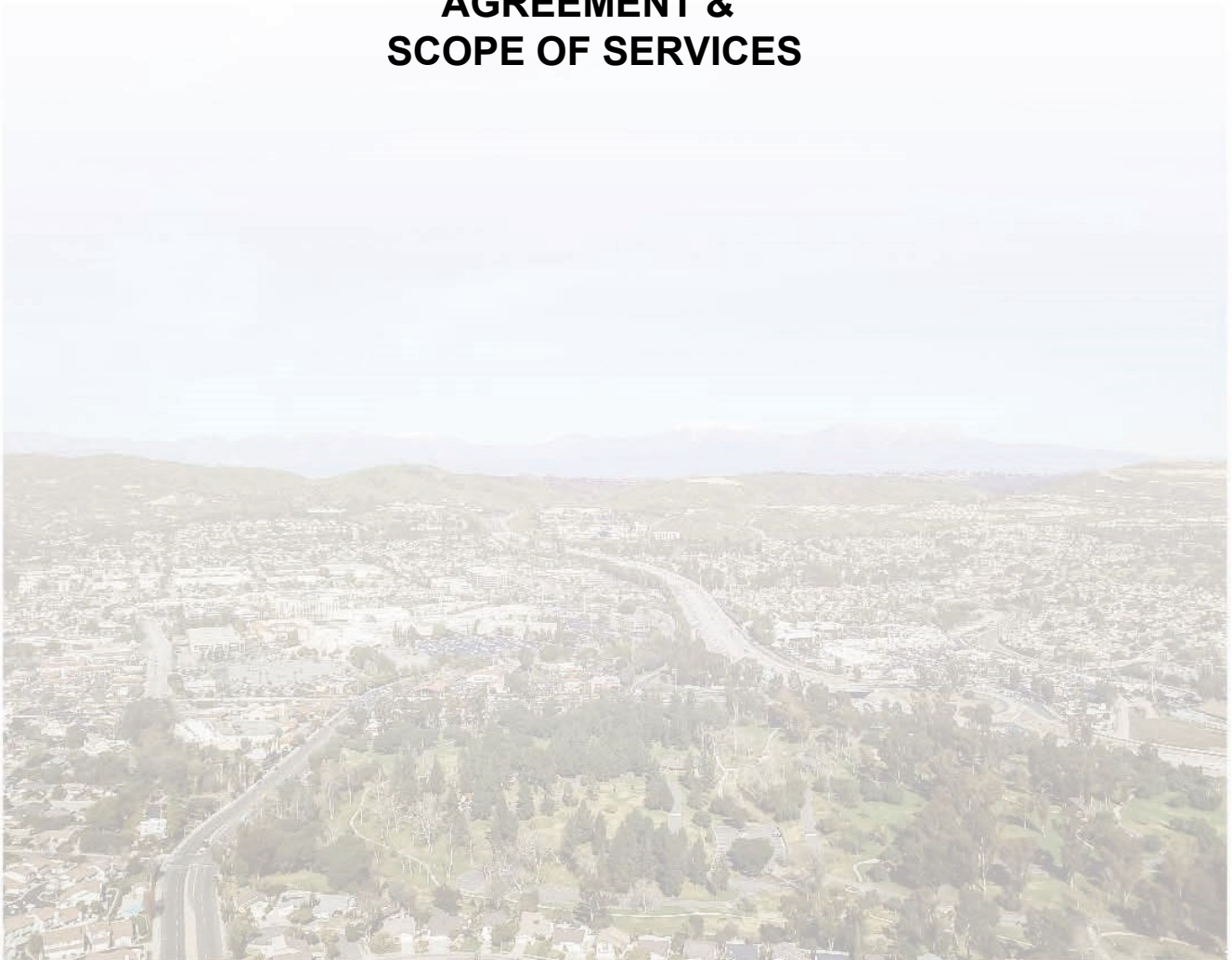
Separate and describe your tasks, and associated costs, for the Scope of Services requirements.
Attach additional pages if necessary.

Description	Required	Optional	Implementation Fees	Base Term			Optional	Optional
				Year 1	Year 2	Year 3	Year 4	Year 5
General Features	✓		\$	\$	\$	\$	\$	\$
Personnel Budgeting	✓		\$	\$	\$	\$	\$	\$
Personnel Action Form Workflow		✓	\$	\$	\$	\$	\$	\$
Operational Budgeting		✓	\$	\$	\$	\$	\$	\$
Capital Budgeting		✓	\$	\$	\$	\$	\$	\$
Digital Budget Book		✓	\$	\$	\$	\$	\$	\$
Transparency		✓	\$	\$	\$	\$	\$	\$
Proposal Total Costs (add above lines)			\$	\$	\$	\$	\$	\$

Please note that pricing Must Be All-Inclusive. ***EACH PROPOSAL MUST BE INCLUSIVE OF ALL COSTS TO PERFORM THE REQUIRED SERVICES.*** Any and all costs of labor, transportation, materials, software, equipment, proprietary licenses, and any and all other fees, costs, taxes, insurance, and expenses necessary to comply with the requirements of this RFP and to provide the Services, must be included in the proposal price.

Additional comments/remarks:

PART III
AGREEMENT &
SCOPE OF SERVICES



Agreement No. ###.##.##.###
Software as a Service Agreement

This agreement ("Agreement") is entered into and is effective as of **{AgreementDate}** ("Effective Date"), by and between the City of Brea, located at 1 Civic Center Circle, Brea, California, 92821 ("City") and **{VendorName}** a **{LegalStatus}** located at **{Address}** ("Service Provider")

RECITALS

WHEREAS, City requires third-party hosted "software as a service" services, as further described herein, with respect to certain of its information technology needs;

WHEREAS, City requested a proposal from Service Provider for such services;

WHEREAS, Service Provider has experience and expertise in the business of providing the required services;

WHEREAS, Service Provider submitted a proposal to City to perform such services on behalf of City;

WHEREAS, based on Service Provider's superior knowledge and experience relating to the required services, City has selected Service Provider to provide and manage the services;

WHEREAS, Service Provider wishes to perform the required services and acknowledges that the successful performance of the services and the security and availability of City's data are critical to the operation of City's business; and,

WHEREAS, Service Provider has agreed to provide the required services to City, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and representations set forth in this Agreement, the parties hereby agree as follows:

AGREEMENT

1. The Services. This Agreement sets forth the terms and conditions under which Service Provider agrees to license to City certain hosted software and provide all other services necessary for productive use of such software including customization, integration, user identification, password change management, data import, data export, technical support, maintenance, training, backup and recovery, change management (collectively, the "Services") as further set forth in Exhibit "A" attached hereto.
 - 1.1 Authorized Users. Unless otherwise limited herein, Service Provider grants City a renewable, irrevocable, nonexclusive, royalty-free, and worldwide right and license for any City employee, contractor, or agent, or any other individual or entity authorized by City, (each, an "Authorized User") to access and use the Services. Other than any limitations otherwise described herein, Authorized Users will have no other limitations on their access to or use of the Services.
 - 1.2 Acknowledgement of License Grant. For the purposes of 11 U.S.C. § 365(n), the parties acknowledge and agree that this Agreement constitutes a grant of license to use intellectual property in software form, to City by Service Provider.

Agreement No. ###.##.##.###
Software as a Service Agreement

- 1.3 Changes in Number of Authorized Users. City is entitled to increase or decrease the initial number of Authorized Users ("Minimum Commitment"), on an as-requested basis; provided, however, that City shall maintain the Minimum Commitment unless the parties otherwise agree to adjust the Minimum Commitment. Should City elect to change the number of Authorized Users, Service Provider shall reduce or increase Authorized Users specified in Exhibit A and adjust the prospective Services Fees accordingly no later than five (5) business days from City's written request.
- 1.4 Control and Location of Services. The method and means of providing the Services shall be under the exclusive control, management, and supervision of Service Provider, giving due consideration to the requests of City. Cloud based storage shall not be utilized without the City's prior, written consent. Any and all permitted cloud storage shall be in compliance with ISO/IEC 27001 - 27018, as applicable, or successor standards thereto. Except as otherwise expressly set forth in Exhibit A, the Services (including all data storage), shall be provided solely from within the continental United States and on computing and data storage devices residing therein, and all such locations shall be disclosed to City annually and within thirty (30) days of the effective date of this Agreement.
- 1.4.1 Subcontractors. Service Provider shall not enter into any subcontracts for the performance of the Services, or assign or transfer any of its rights or obligations under this Agreement, without City's prior written consent and any attempt to do so shall be void and without further effect and shall be a material breach of this Agreement. Service Provider's use of subcontractors shall not relieve Service Provider of any of its duties or obligations under this Agreement.
- 1.4.2 Offensive or Disparaging Content. Where the Services or any web services affiliated with the Services contain offensive content or portray City in a disparaging way, either as solely determined by City, Service Provider shall immediately remove the offensive or disparaging content and City shall have the right, at City's sole election, to: (a) immediately terminate this Agreement or any portion thereof corresponding to the offending or disparaging content, and be entitled to a return of any prepaid fees, as liquidated damages and not as a penalty; or, (b) obtain or retain, as the case may be, all fees paid or payable for the entire period of the then-current term, as liquidated damages and not as a penalty, associated with that portion of this Agreement corresponding to the offending or disparaging content.
- 1.4.3 Storage Provider Name, Cloud Location, State Location and Data Separation. The Storage Provider Name is **{StorageProvider}**; and the Storage Cloud Location is **{StorageCloudLocation}**; and Storage Server Location in the State of **{StorageServerState}**. City Data must be stored separate from all other Client data or City Data may be comingled with other Client data.
- 1.5 Storage. The Services shall include the applicable allocation of base data storage as described in Exhibit A, if any. Service Provider shall immediately notify City when City has reached eighty percent (80%) of City's then-current data storage maximum. Within five (5) calendar days of City's request, Service Provider shall make additional data storage available to City at the rates described in Attachment 1 to Exhibit A.
- 1.6 Development and Test Environments. In addition to production use of the Services, City is entitled to one development and one test environment for use by Authorized Users at no additional charge. Such non-production environments shall have the same data storage and processing capacities as the production environment. Service Provider shall cooperate with

Agreement No. ###.##.##.###
Software as a Service Agreement

City's requests in managing the non-production environments such as refreshing City Data upon request.

- 1.7 Documentation. The documentation for the Services ("Documentation") will accurately and completely describe the functions and features of the Services, including all subsequent revisions thereto. The Documentation shall be understandable by a typical end user and shall provide Authorized Users with sufficient instruction such that an Authorized User can become self-reliant with respect to access and use of the Services. City shall have the right to make any number of additional copies of the Documentation at no additional charge.
 - 1.8 Changes in Functionality. During the term of this Agreement, Service Provider shall not reduce or eliminate functionality in the Services. Where Service Provider has reduced or eliminated functionality in the Services, City, at City's sole election and in City's sole determination, shall: (a) have, in addition to any other rights and remedies under this Agreement or at law, the right to immediately terminate this Agreement and be entitled to a return of any prepaid fees; or, (b) determine the value of the reduced or eliminated functionality and Service Provider will immediately adjust the Services Fees accordingly on a prospective basis. Where Service Provider has introduced like functionality in other services, City shall have an additional license and subscription right to use and access the new services, at no additional charge, with the same rights, obligations, and limitations as for the Services. Where Service Provider increases functionality in the Services, such functionality shall be provided to City without any increase in the Services Fees.
 - 1.9 No Effect of Click-Through Terms and Conditions. Where an Authorized User is required to "click through" or otherwise accept or made subject to any online terms and conditions in accessing or using the Services, such terms and conditions are not binding and shall have no force or effect as to the Services or this Agreement.
 - 1.10 Modification of the Services. The City's Director of Information Technology shall be authorized to waive, in writing, any of the Service Provider's obligations with respect to the Services, where deemed to be in the City's best interests, provided that no such modification shall result in any increase in the amount of the Services Fees.
 - 1.11 Compliance with All Laws. In providing the Services, the Service Provider shall comply with any and all applicable local, State and federal laws, statutes, standards, policies, and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996, the Americans with Disabilities Act, the Stored Communications Act, Civil Code Sections 1798.80 through 1798.84, and the California Consumer Privacy Act, Civil Code Section 1798.100, et seq.
2. Service Levels.
- 2.1 Service Levels, Time is of the Essence. For the term of this Agreement, Service Provider shall provide the Services, force majeure events excepted, during the applicable Service Periods and in accordance with the applicable Service Level Standards, each as described in Exhibit A hereto. Time is of the essence in the performance of the Services.
 - 2.2 Service Level Reporting. On a monthly basis, in arrears and no later than the fifteenth (15th) calendar day of the subsequent month following the reporting month, Service Provider shall provide reports to City describing the performance of the Services and of Service Provider as compared to the Service Level Standards; provided, however, that a City Satisfaction Service Level Survey shall be conducted by Service Provider each year on the anniversary of the

Agreement No. ###.##.##.###
Software as a Service Agreement

Effective Date and the results shall be reported to City by Service Provider no later than the fifteenth (15th) calendar day of the subsequent month following such anniversary date. The reports shall be in a form agreed-to by City, and, in no case, shall contain less than the following information: (a) actual performance compared to the Service Level Standard; (b) the cause or basis for not meeting the Service Level Standard; (c) the specific remedial actions Service Provider has undertaken or will undertake to ensure that the Service Level Standard will be subsequently achieved; and, (d) any Performance Credit due to City. Service Provider and City will meet as often as shall be reasonably requested by City, but no less than monthly, to review the performance of Service Provider as it relates to the Service Levels. Where Service Provider fails to provide a report for a Service Level in the applicable timeframe, the Service Level shall be deemed to be completely failed for the purposes of calculating a Performance Credit. Service Provider shall, without charge, make City's historical Service Level reports available to City upon request.

- 2.3 Failure to Meet Service Level Standards. In the event Service Provider does not meet a Service Level Standard, Service Provider shall: (a) owe to City any applicable Performance Credit, as liquidated damages and not as a penalty; and, (b) use its best efforts to ensure that any unmet Service Level Standard is subsequently met.

Notwithstanding the foregoing, Service Provider will use its best efforts to minimize the impact or duration of any outage, interruption, or degradation of Service. In no case shall City be required to notify Service Provider that a Performance Credit is due as a condition of payment of the same.

- 2.3.1 Termination for Material and Repeated Failures. City shall have, in addition to any other rights and remedies under this Agreement or at law, the right to immediately terminate this Agreement, and be entitled to a return of any prepaid fees where Service Provider fails to meet any Service Level Standard: (a) to such an extent that the City's ability, as solely determined by City, to use the Services is materially disrupted, force majeure events excepted; or, (b) for four (4) months out of any twelve (12) month period.

- 2.4 Audit of Service Levels. No more than quarterly, City or City's agent shall have the right to audit Service Provider's books, records, and measurement and auditing tools to verify Service Level Standard achievement and to determine correct payment of any Performance Credit. Where it is determined that any Performance Credit was due to City but not paid, Service Provider shall immediately owe to City the applicable Performance Credit.

3. Support, Maintenance, Additional Services.

- 3.1 Technical Support. Service Provider shall provide the Technical Support as described in Exhibit A. The Service Fees shall be inclusive of the fees for all Technical Support.

- 3.2 Maintenance. Service Provider shall provide bug fixes, corrections, modifications, enhancements, upgrades, and new releases to the Services to ensure: (a) the functionality of the Services, as described in the Documentation, is available to Authorized Users; (b) the functionality of the Services in accordance with the representations and warranties set forth herein, including but not limited to, the Services conforming in all material respects to the specifications, functions, descriptions, standards, and criteria set forth in Exhibit A and the Documentation; (c) the Service Level Standards can be achieved; and, (d) the Services work with the then-current version and the three prior versions of Internet Explorer, Edge, Mozilla Firefox, and Google Chrome Internet browsers. The Services Fees shall be inclusive of the

Agreement No. ###.##.##.###
Software as a Service Agreement

fees for maintenance.

- 3.2.1 Required Notice of Maintenance. Unless as otherwise agreed to by City on a case-by-case basis, Service Provider shall provide no less than thirty (30) calendar day's prior written notice to City of all non-emergency maintenance to be performed on the Services, such written notice including a detailed description of all maintenance to be performed. For emergency maintenance, Service Provider shall provide as much prior notice as commercially practicable to City and shall provide a detailed description of all maintenance performed no greater than one (1) calendar day following the implementation of the emergency maintenance.
- 3.2.2 Acceptance of Non-Emergency Maintenance. Unless as otherwise agreed to by City on a case-by-case basis, for non-emergency maintenance, City shall have a ten (10) business day period to test any maintenance changes prior to Service Provider introducing such maintenance changes into production (the "Maintenance Acceptance Period"). In the event that City rejects, for good cause, any maintenance changes during the Maintenance Acceptance Period, Service Provider shall not introduce such rejected maintenance changes into production. At the end of the Maintenance Acceptance Period, if City has not rejected the maintenance changes, the maintenance changes shall be deemed to be accepted by City and Service Provider shall be entitled to introduce the maintenance changes into production.
- 3.2.3 Service Outage During Maintenance. Service Provider shall coordinate all maintenance updates to be done after normal business hours unless otherwise approved by City Representative.
- 3.3 Customization/Integration Services. Service Provider shall provide the Customization I Integration Services, if any, described in Exhibit A. The Services Fees shall be inclusive of the fees for the Customization I Integration Services.
- 3.4 Training Services. Service Provider shall provide the Training Services, if any, described in Exhibit A. The Services Fees shall be inclusive of the fees for the Training Services.
- 4. Escrow Agreement. At no additional cost to City and upon City's request, Service Provider agrees to place in escrow with an escrow agent copies of the most current version of the source and object code for the applicable software that is included as a part of the Services as well as all necessary components to ensure proper function of such software including but not limited to any application program interfaces, configuration files, schematics of software components, build instructions, procedural instructions, and other documentation (collectively, the "Software"). The Software shall also include all updates, improvements, and enhancements thereof from time to time developed by Service Provider and which are necessary to internally support the Services for the benefit of City. Service Provider agrees that upon the occurrence of any event or circumstance which demonstrates with reasonable certainty the inability or unwillingness of Service Provider to fulfill its obligations to City in providing the Services, as determined solely by City, City shall be entitled to obtain the then- current Software from the escrow agent. At the sole election of City, City shall have the right to: (a) perform, at City's cost and no more than annually, via a third-party escrow verification service that is independent of Service Provider and the escrow agent, a verification of Service Provider's compliance with its escrow obligations hereunder including but not limited to a full usability test of the Software; (b) obtain, at no additional cost to City and no more than annually, the full usability test results of the Software, such test as performed by a third-party contracted by Service Provider; and, (c) contract with, at City's cost, a third-party that is independent of Service Provider to perform services relating to the backup and recovery of the Services and / or City Data.

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Service Provider agrees to reasonably cooperate with all third- parties contracted by City for purposes of this provision. Where City determines, in City's sole determination, that Service Provider has failed to fulfill its escrow obligations, City shall, at City's sole election: (a) have, in addition to any other rights and remedies under this Agreement or at law, the right to immediately terminate this Agreement and be entitled to a return of any prepaid fees; or, (b) be due from Service Provider twenty-five percent (25%) of the annualized Services Fees for the then-current contract year as liquidated damages and not as a penalty.

5. Audit Rights of Service Provider. Service Provider shall have no right to conduct an on-premises audit of City's compliance with the use of the Services. No more than once annually, Service Provider shall have the right to request from City its certification of compliance with the permitted number of Authorized Users. Where the actual number of users exceeds the permitted number of Authorized Users, City, at City's sole election shall, within thirty (30) business days: (a) reduce the actual number of users so as to be in compliance with the permitted number of Authorized Users in which case no additional Services Fees shall be due to Service Provider; or, (b) acquire the appropriate number of Authorized Users' licenses at the rate specified in Exhibit A so as to be in compliance with the permitted number of Authorized Users.
6. Change Control Procedure. City may, upon written notice, request changes to the scope of the Services under Exhibit A. If City requests an increase in the scope, City shall notify Service Provider, and, not more than five (5) business days (or other agreed upon period) after receiving the request, Service Provider shall notify City whether or not the change has an associated cost impact. If City approves, City shall issue a change order, which will be executed by the Service Provider. City shall have the right to decrease the scope, and the associated fees will be reduced accordingly.
7. Term and Termination; Renewals.
 - 7.1 Term. This Agreement is legally binding as of the Effective Date and shall continue for an initial three-year term until midnight of **{TermEndDate}** ("Initial Term") unless extended, or sooner terminated, as provided for herein. Following the Initial Term and unless otherwise terminated as provided for in this Agreement, this Agreement may be renewed for up to two, successive one-year terms (each, a "Renewal Term") unless sooner terminated by a party providing the other party with written notice of termination.

City may extend the term of this Agreement by giving written notice to Service Provider within 30 days prior to the then-scheduled expiration date for two (2) additional one-year terms in its sole discretion. To exercise the extension option, the City shall give written notice to Consultant on or before 30 days before **{TermEndDate}**. The extension option shall require City Manager approval.
 - 7.2 Termination for Convenience. Without limiting the right of a party to terminate this Agreement as provided for in this Agreement, a party may terminate this Agreement for convenience upon not less than sixty (60) days prior written notice to the other party.
 - 7.3 Termination for Cause. Without limiting the right of a party to immediately terminate this Agreement for cause as provided for in this Agreement, if either party materially breaches any of its duties or obligation hereunder and such breach is not cured, or the breaching party is not diligently pursuing a cure to the non-breaching party's sole satisfaction, within thirty (30) calendar days after written notice of the breach, the non-breaching party may terminate this Agreement for cause as of a date specified in such notice.

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- 7.4 Payments Upon Termination for Convenience. Upon the termination of this Agreement, City shall pay to Service Provider all undisputed amounts due and payable hereunder, if any, and Service Provider shall pay to City all amounts due and payable hereunder, such as Performance Credits and prepaid fees, if any. As compensation for any administrative costs incurred by Service Provider due to City's termination for convenience, and unless otherwise agreed upon by the parties, City shall pay, or Service Provider shall retain if fees were prepaid, one (1) months' worth of additional fees calculated pro rata. Any remaining prepaid funds shall be refunded to City.
- 7.5 Return of City Data. Upon the termination of this Agreement, Service Provider shall, within one (1) business day following the termination of this Agreement, provide City, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Service Provider), with a final extract of the City Data in the format specified by City. Further, Service Provider shall certify to City the destruction of any City Data within the possession or control of Service Provider, in accordance with Section 12.5, but such destruction shall occur only after the City Data has been returned to City. This Section shall survive the termination of this Agreement.
- 7.6 Renewals. Should the Services continue beyond the Initial Term, the Services Fees for the Renewal Term may be increased no more than 0.00% percent.
- 7.7 No Automatic Renewals. Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, any terms and conditions of Service Provider attached hereto): (a) in no event shall the term of this Agreement be longer than the initial term expressly stated in this Agreement; (b) any automatic renewal or extension (whether or not conditioned upon any notice or absence thereof from either Party) or any similar "evergreen" provision shall be deemed null and void ab initio; and (c) the term of this Agreement shall not be extended or renewed except by written agreement duly authorized, executed and delivered by City. In the event of any inconsistency within this Agreement relating to the duration of the initial term hereof, the shorter initial term shall govern. If no initial term is stated in this Agreement, then the term shall be one year from the date on which the term commences.
8. Transition Services. Provided that this Agreement has not been terminated by Service Provider due to City's failure to pay any undisputed amount due Service Provider, Service Provider will provide to City and / or to the service provider selected by City ("Successor Service Provider") assistance reasonably requested by City to affect the orderly transition of the Services, in whole or in part, to City or to Successor Service Provider ("Transition Services") following the termination of this Agreement, in whole or in part. The Transition Services shall be provided on a time and materials basis and may include: (a) developing a plan for the orderly transition of the terminated Services from Service Provider to City or Successor Service Provider; (b) if required, transferring the City Data to Successor Service Provider; (c) using commercially reasonable efforts to assist City in acquiring any necessary rights to legally and physically access and use any third-party technologies and documentation then being used by Service Provider in connection with the Services; (d) using commercially reasonable efforts to make available to City, pursuant to mutually agreeable terms and conditions, any third-party services then being used by Service Provider in connection with the Services; and, (e) such other activities upon which the parties may agree. Notwithstanding the foregoing, should City terminate this Agreement due to Service Provider's material breach, City may elect to use the Services for a period of no greater than six (6) months from the date of termination at a reduced rate of twenty (20%) percent off of the then-current Services Fees for the terminated Services. All applicable terms and conditions of this Agreement shall apply to the Transition

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Services. This Section shall survive the termination of this Agreement.

9. Fees; Billing. City shall be responsible for and shall pay to Service Provider the fees as further described in Exhibit A, subject to the terms and conditions contained in this Agreement. Any sum due Service Provider for the Services for which payment is not otherwise specified shall be due and payable thirty (30) business days after receipt by City of an invoice from Service Provider.
 - 9.1 Billing Procedures. Service Provider shall bill to City the sums due pursuant to Exhibit A by Service Provider's invoice, which shall contain: (a) City's purchase order number, if any, and Service Provider's invoice number; (b) description of Services for which an amount is due; (c) the fees or portion thereof that are due; (d); taxes, if any; (e); any Performance Credits or other credits; and, (f) total amount due. Service Provider shall forward invoices in hardcopy format to City of Brea, Accounts Payable, 1 Civic Center Circle, Brea, California 92821 or email requesting a read receipt and delivery receipt to AccountsPayable@CityofBrea.net.
 - 9.2 Taxes. Service Provider represents and warrants that it is an independent contractor for purposes of federal, state, and local taxes. Service Provider agrees that City is not responsible to collect or withhold any such taxes, including income tax withholding and social security contributions, for Service Provider. Any and all taxes, interest, or penalties, including any federal, state, or local withholding or employment taxes, imposed, assessed, or levied as a result of this Agreement shall be paid or withheld by Service Provider.
 - 9.3 Credits. Any amounts due to City, such as a Performance Credit, from Service Provider may be applied by City, at the sole election of City, against any current or future fees due to Service Provider. Any such amounts that are not so applied by City shall be paid to City by Service Provider within thirty (30) calendar days following City's request. This Section shall survive the termination of this Agreement.
 - 9.4 Non-Binding Terms. Any terms and conditions included in a Service Provider invoice shall be deemed to be solely for the convenience of the Service Provider, and no such term or condition shall be binding upon the City.
 - 9.5 Auditable Records. Service Provider shall maintain accurate records of all fees billable to, and payments made by, City in a format that will permit audit by City for a period of no less than three (3) years from when a fee was incurred or a payment was made. The foregoing obligation of Service Provider shall survive the termination of this Agreement. For the term of this Agreement, upon City's written request, Service Provider shall provide City with a copy of its annual American Institute of Certified Public Accountants Service Organization Control (SOC) 1 type 2 report and SOC 2 type 2 report (for all Trust Services Principles), or successor form of SOC reports.
 - 9.6 Billing Reviews by Third Parties. For purposes of determining the competitiveness and appropriateness of fees charged to City by Service Provider, City is entitled to disclose to a third-party this Agreement, and any other data pertaining to fees paid or payable by City to Service Provider.
 - 9.7 No Suspension of Services. Service Provider shall not suspend any part of the Services where: (a) City is reasonably disputing any amount due to Service Provider; or, (b) any unpaid but undisputed amount due to Service Provider is less than ninety (90) business days in arrears.

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10. Representations and Warranties.

10.1 Mutual. City and Service Provider each represent and warrant that:

- 10.1.1 City is a public entity, and Service Provider is a business, duly incorporated or established, validly existing, and in good standing under the laws of its state of incorporation;
- 10.1.2 it has all requisite power, financial capacity, and authority to execute, deliver, and perform its obligations under this Agreement;
- 10.1.3 the execution, delivery, and performance of this Agreement has been duly authorized by it and this Agreement constitutes the legal, valid, and binding agreement of it and is enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganizations, moratoriums, and similar laws affecting creditors' rights generally and by general equitable principles;
- 10.1.4 it shall comply with all applicable federal, state, local, or other laws and regulations applicable to the performance by it of its obligations under this Agreement and shall obtain all applicable permits and licenses required of it in connection with its obligations under this Agreement; and,
- 10.1.5 there is no outstanding litigation, arbitrated matter or other dispute to which it is a party which, if decided unfavorably to it, would reasonably be expected to have a potential or actual material adverse effect on its ability to fulfill its obligations under this Agreement.

10.2 By Service Provider. Service Provider represents and warrants that:

- 10.2.1 it is in the business of providing the Services;
- 10.2.2 the Services are fit for the ordinary purposes for which they will be used;
- 10.2.3 it is possessed of superior knowledge with respect to the Services;
- 10.2.4 it acknowledges that City is relying on its representation of its experience and expert knowledge, and that any substantial misrepresentation may result in damage to City;
- 10.2.5 it knows the particular purpose for which the Services are required by City;
- 10.2.6 it is the lawful licensee or owner of the Services (excluding any City Data therein) and has all the necessary rights in the Services to provide the Services to City;
- 10.2.7 the Services and any other work performed by Service Provider hereunder shall not infringe upon any United States or foreign copyright, patent, trade secret, or other intellectual proprietary right, or misappropriate any trade secret, of any third-party, and that it has neither assigned nor otherwise entered into an agreement by which it purports to assign or transfer any right, title, or interest to any technology or intellectual property right that would conflict with its obligations under this Agreement;

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- 10.2.8 it shall disclose any third-party (which shall, for purposes of this Agreement, be deemed a subcontractor) whose intellectual property is incorporated into the Services or who is necessary for the performance of the Services and it shall maintain in-force written agreements with such third-party, if any, for the term of this Agreement;
- 10.2.9 it has the expertise to perform the Services in a competent, workmanlike, and professional manner and in accordance with the highest professional standards;
- 10.2.10 it will use its best efforts, but not less than commercially reasonable efforts, to ensure that no computer viruses, worms, malware, or similar items (collectively, a "Virus") are introduced into City's computing and network environment by the Services, and that, where it transfers a Virus to City through the Services, it shall reimburse City the actual, documented cost incurred by City to remove or recover from the Virus, including the costs of persons employed by City to perform such services;
- 10.2.11 the Services are free of any mechanism which may disable the Services and Service Provider warrants that no loss of City Data will result from such items if present in the Services;
- 10.2.12 in the case of City's reasonable dispute of any Service Provider invoice, it shall not withhold the performance of Services, including, without limitation, access and use of the Services, Technical Support, Maintenance, and extract of City Data; and,
- 10.2.13 the Services will conform in all material respects to the specifications, functions, descriptions, standards, and criteria set forth in Exhibit A and the Documentation.

11. City Data.

- 11.1 Ownership. City's data ("City Data," which shall also be known and treated by Service Provider as Confidential Information) shall include: (a) City's data collected, accessed, used, processed, stored, or generated as the result of the City's use of the Services; and, (b) personally identifiable information ("PII") collected, used, processed, stored, or generated as the result of the use of the Services, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements listed herein. Except where subject to a third party's intellectual property rights, all City Data is and shall remain the sole and exclusive property of City and all right, title, and interest in the same belongs to City. This Section shall survive the termination of this Agreement.
- 11.2 Service Provider Use of City Data. Service Provider is provided a limited license to access City Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display City Data only to the extent necessary in the providing of the Services. Service Provider shall: (a) keep and maintain City Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Agreement and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose City Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Agreement, and applicable law; (c) allow access to City Data only to those employees of Service Provider

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who are directly involved with and responsible for providing the Services; and, (d) not use, sell, rent, transfer, distribute, or otherwise disclose or make available City Data for Service Provider's own purposes or for the benefit of anyone other than City without City's prior written consent. This Section shall survive the termination of this Agreement.

- 11.3 Access to and Extraction of City Data. City shall have full and complete access to, and ability to download, its City Data 24 hours per day, 7 days per week, except during authorized periods of maintenance by Service Provider. Further, Service Provider shall, within one (1) business day of City's request, provide City, without charge and without any conditions or contingencies whatsoever (including, but not limited to, the payment of any fees due to Service Provider), an extract of the City Data in the format specified by City. In the event City gives Service Provider written notice of a "litigation hold", then as to all data identified in such notice, Service Provider shall, at no additional cost to City, isolate and preserve all such data pending receipt of further direction from the City.
- 11.4 Backup and Recovery of City Data. As a part of the Services, Service Provider is responsible for maintaining a backup of City Data and for an orderly and timely recovery of such data in the event that the Services may be interrupted. Unless otherwise described in Exhibit A, Service Provider shall maintain a contemporaneous backup of City Data that can be recovered within two (2) hours at any point in time. Additionally, Service Provider shall store a backup of City Data in an off-site (but within the continental United States) "hardened" facility no less than daily, maintaining the security of City Data, the security requirements of which are further described herein. Any backups of City Data shall not be considered in calculating storage used by City.
- 11.5 Loss or Unauthorized Access to Data. In the event of any act, error or omission, negligence, misconduct, or breach that permits any unauthorized access to, or that compromises or is suspected to compromise the security, confidentiality, or integrity of City Data or the physical, technical, administrative, or organizational safeguards put in place by Service Provider that relate to the protection of the security, confidentiality, or integrity of City Data, Service Provider shall, as applicable: (a) notify City as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with City in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by City; (c) in the case of PII, at City's sole election, (i) notify the affected individuals who comprise the PII as soon as practicable but no later than is required to comply with applicable law including, but not limited to, the provisions of California Civil Code Section 1798.82, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or, (ii) reimburse City for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twelve (12) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting City's obligations of indemnification as further described in this Agreement, indemnify, defend, and hold harmless City for any and all Claims (as defined herein), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from City in connection with the occurrence up to the limits of Service Provider's Cyber Liability policy required herein; (g) be responsible for recreating lost City Data in the manner and on the schedule set by City without charge to City; and, (h) provide to City a detailed plan within ten (10) calendar days of the occurrence describing the measures Service Provider will undertake to prevent a future

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occurrence. Notification to affected individuals, as described above, shall comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Service Provider's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Service Provider has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Service Provider. This Section shall survive the termination of this Agreement.

12. Nondisclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section shall survive the termination of this Agreement.

12.1 Meaning of Confidential Information. For the purposes of this Agreement, the term "Confidential Information" shall mean all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) already in the possession of the receiving party without an obligation of confidentiality; (b) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (c) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (d) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Agreement, in all cases and for all matters, City Data shall be deemed to be Confidential Information.

12.2 Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Agreement or to use such Confidential Information for any purposes whatsoever other than the performance of this Agreement, or as required by law. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential.

12.3 Cooperation to Prevent Disclosure of Confidential Information. Each party shall use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party shall advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Agreement and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

12.4 Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the

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foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of City, at the sole election of City, the immediate termination, without liability to City, of this Agreement.

- 12.5 Surrender of Confidential Information upon Termination. Upon termination or expiration of this Agreement, in whole or in part, each party shall, within five (5) calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which is in such party's possession, custody, or control; provided, however, that Service Provider shall return City Data to City following the timeframe and procedure described further in this Agreement. Should Service Provider or City determine that the return of any City Data or non-City Data Confidential Information is not feasible, Service Provider shall destroy the data comprising such Confidential Information in compliance with the most current version of NIST standard SPB00-88, or other standard acceptable to the City, and shall certify the same in writing within five (5) calendar days from the date of termination to the other party.

13. Data Privacy and Information Security.

- 13.1 Undertaking by Service Provider. Without limiting Service Provider's obligation of confidentiality as further described herein, Service Provider shall be responsible for establishing, maintaining, and providing a written description to City of, a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the City Data; (b) protect against any anticipated threats or hazards to the security or integrity of the City Data; (c) protect against unauthorized disclosure, access to, or use of the City Data; (d) ensure the proper disposal of City Data; and, (e) ensure that all employees, agents, and subcontractors of Service Provider, if any, comply with all of the foregoing. In no case shall the safeguards of Service Provider's data privacy and information security program used to protect City Data be less stringent than the safeguards used by Service Provider for its own data.

If the Services include handling credit card information, then the Service Provider shall comply at all times with all applicable Payment Card Industry Data Security Standards (PCI-DSS). Service Provider agrees and warrants that it is responsible for the security of "cardholder data" that Service Provider possesses, stores, processes or transmits on behalf of the City, and for any impact on the security of City's cardholder data environment adversely affected by any failure of Company to maintain compliance with provisions of the PCI-DSS applicable to the Services.

At all times herein, Services Provider shall maintain, handle, transmit, and store City Data in encrypted form meeting the requirements of Federal Information Processing Standard (FIPS) 140-2, or otherwise as required by the City.

- 13.2 Audit by Service Provider. No less than annually, Service Provider shall conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to City.
- 13.3 Right of Audit by City. Without limiting any other audit rights of City, City shall have the right to review Service Provider's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Agreement. During the providing of the Services, on an ongoing basis from time to time and without notice, City, at its own expense, shall be entitled to perform, or to have performed, an on-site audit of

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Service Provider's data privacy and information security program. In lieu of an on-site audit, upon request by City, Service Provider agrees to complete, within forty-five (45 days) of receipt, an audit questionnaire provided by City regarding Service Provider's data privacy and information security program.

13.4 Audit Findings. Service Provider shall implement any required safeguards as identified by City or by any audit of Service Provider's data privacy and information security program.

13.5 City's Right to Termination for Deficiencies. City reserves the right, at its sole election, to immediately terminate this Agreement without limitation and without liability if City reasonably determines that Service Provider fails or has failed to meet its obligations under this Section.

14. Proprietary Rights.

14.1 Pre-Existing Materials. City acknowledges that, in the course of performing the Services, Service Provider may use software and related processes, instructions, methods, and techniques that have been previously developed by Service Provider (collectively, the "Pre-existing Materials," which shall include the Services) and that the same shall remain the sole and exclusive property of Service Provider.

14.2 No License. Except as expressly set forth herein, no license is granted by either party to the other with respect to the Confidential Information or Pre-existing Materials. Nothing in this Agreement shall be construed to grant to either party any ownership or other interest, in the Confidential Information or Pre-existing Materials, except as may be provided under a license specifically applicable to such Confidential Information or Pre-existing Materials.

14.3 The provisions of this Section shall survive the termination of this Agreement.

15. Indemnification, Limitation of Liability, Insurance.

15.1 General Indemnification. To the maximum extent permitted by law, Service Provider agrees to indemnify, defend, and hold harmless City and its elected officials, officers, directors, agents, attorneys and employees (each, an "Indemnatee") from and against any and all liabilities, damages, losses, expenses, claims, demands, suits, fines, or judgments (each, a "Claim," and collectively, the "Claims"), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, incurred by, accrued against, charged to, or recoverable from any Indemnatee, by reason of any Claim arising out of or relating to any act, error or omission, negligence, or misconduct of Service Provider, its officers, directors, agents, employees, and subcontractors, during the performance of this Agreement, including, without limitation, Claims arising out of or relating to: (a) bodily injury (including death) or damage to tangible personal or real property; (b) any payment required to be paid to subcontractors, if any, of Service Provider; (c) any material misrepresentation or breach of warranty of any representation or warranty set forth in this Agreement; or, (d) any material breach of any covenant set forth in this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that the applicable Claim resulted from the acts or omissions of an Indemnatee.

To the maximum extent permitted by law, Service Provider shall indemnify, defend and hold each of the Indemnitees free and harmless, and pay reasonable attorneys' fees and costs, with respect to any and all Claims to the extent arising out of, related to, or incurred in connection

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with any destruction, or unauthorized access, use, or theft of City Data (collectively, "cyber theft") provided, however, that Service Provider's liability for cyber theft shall be limited to the cyber liability insurance policy limits set forth in this Agreement.

- 15.2 Proprietary Rights Indemnification. Service Provider agrees to indemnify, defend, and hold harmless Indemnitees from and against any and all Claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, incurred by, accrued against, charged to, or recoverable from any Indemnitee, by reason of any Claim arising out of or relating to the Services allegedly or actually infringing or misappropriating any United States or foreign patent, copyright, trade secret, trademark, or other proprietary right. In the event that Service Provider is enjoined from providing the Services and such injunction is not dissolved within thirty (30) calendar days, or in the event that City is adjudged, in any final order of a court of competent jurisdiction from which no appeal is taken, to have infringed upon or misappropriated any patent, copyright, trade secret, trademark, or other proprietary right in the access or use of the Services, then Service Provider shall, at its expense: (a) obtain for City the right to continue using such Services; (b) replace or modify such Services so that they do not infringe upon or misappropriate such proprietary right and is free to be used by City; or, (c) in the event that Service Provider is unable or determines, in its reasonable judgment, that it is commercially unreasonable to do either of the aforementioned, Service Provider shall reimburse to City any prepaid fees and the full cost associated with any Transition Services.
- 15.3 Indemnification Procedures. Promptly after receipt by City of a threat, notice, or filing of any Claim against an Indemnitee, City shall give notice thereof to Service Provider, provided that failure to give or delay in giving such notice shall not relieve Service Provider of any liability it may have to the Indemnitee except to the extent that Service Provider demonstrates that the defense of the Claim is prejudiced thereby. Service Provider shall have sole control of the defense and of all negotiations for settlement of a Claim and City shall not independently defend or respond to a Claim; provided, however, that: (a) City may defend or respond to a Claim, at Service Provider's expense, if City's counsel determines, in its sole discretion, that such defense or response is necessary to preclude a default judgment from being entered against an Indemnitee; and, (b) City shall have the right, at its own expense, to monitor Service Provider's defense of a Claim. At Service Provider's request, City shall reasonably cooperate with Service Provider in defending against or settling a Claim; provided, however, that Service Provider shall reimburse City for all reasonable out-of-pocket costs incurred by City (including, without limitation, reasonable attorneys' fees and expenses) in providing such cooperation.
- 15.4 Third Party Beneficiaries. Nothing, express or implied, in this Agreement is intended to benefit, or to create or be construed to create any rights of enforcement in any persons or entities who are neither signatories to this Agreement nor Indemnitees.
- 15.5 Limitation of Liability. NOTWITHSTANDING ANY OTHER PROVISION SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL, AND / OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING EXCULPATION OF LIABILITY SHALL NOT APPLY WITH RESPECT TO DAMAGES INCURRED AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY. A PARTY SHALL BE LIABLE TO THE OTHER FOR ANY DIRECT DAMAGES ARISING OUT OF OR RELATING TO ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE LIABILITY OF A PARTY, WHETHER BASED ON AN ACTION OR CLAIM

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Software as a Service Agreement

IN CONTRACT, EQUITY, NEGLIGENCE, TORT, OR OTHERWISE FOR ALL EVENTS, ACTS, OR OMISSIONS UNDER THIS AGREEMENT SHALL NOT EXCEED THE FEES PAID OR PAYABLE UNDER THIS AGREEMENT, AND PROVIDED, FURTHER, THAT THE FOREGOING LIMITATIONS SHALL NOT APPLY TO: (A) A PARTY'S OBLIGATIONS OF INDEMNIFICATION, AS FURTHER DESCRIBED IN THIS AGREEMENT; (B) DAMAGES CAUSED BY A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; OR, (C) A PARTY'S BREACH OF ITS OBLIGATIONS OF CONFIDENTIALITY, AS FURTHER DESCRIBED IN THIS AGREEMENT. This Section shall survive the termination of this Agreement.

- 15.6 Insurance. Unless otherwise approved in writing by City's risk manager, Service Provider shall, at its own expense, procure and maintain in full force and effect during the term of this Agreement, policies of insurance, of the types and in the minimum amounts as follows, with responsible insurance carriers duly admitted and qualified in California covering the operations of Service Provider, pursuant to this Agreement: commercial general liability (\$1,000,000 per occurrence, \$2,000,000 aggregate); excess liability (\$2,000,000 per occurrence, \$2,000,000 aggregate); workers' compensation (not required for this agreement) and employers' liability (not required for this agreement); cyber liability (\$2,000,000 per occurrence) providing protection against claims and liabilities arising from; (i) errors and omissions in connection with maintaining security of City Data; (ii) data breach including theft, destruction, and/or unauthorized use of City Data; (iii) identity theft including bank charges assessed; and (iv) violation of privacy rights due to a breach of City Data; and professional liability (\$1,000,000 per occurrence, \$1,000,000 aggregate). Any of the foregoing policy limits shall be subject to modification by the City's risk manager upon thirty (30) days prior, written notice to Service Provider, and at any time prior to commencement of the Services.

The Indemnitees shall be named as additional insureds in the commercial general, cyber, and excess liability policies which shall contain standard cross liability clauses. Service Provider shall cause the liability it assumed under this Agreement to be specifically insured under the contractual liability section of the liability insurance policies. The liability policies shall be primary without right of contribution from any Indemnitee, and Service Provider waives all rights of subrogation with respect to said policies. Such policies shall require that City be given no less than (30) calendar days prior written notice of any cancellation thereof or material change therein. City shall have the right to request an adjustment of the limits of liability for commercial general, cyber, and excess liability, and/or professional liability insurance as Service Provider's exposure to City increases. Service Provider shall provide City with certificates of insurance and original endorsements, evidencing all of the above coverage, including all special requirements specifically noted above, and shall provide City with certificates of insurance evidencing renewal or substitution of such insurance thirty (30) calendar days prior to the effective date of such renewal or substitution.

16. General.

- 16.1 Relationship between City and Service Provider. Service Provider represents and warrants that it is an independent contractor with no authority to contract for City or in any way to bind or to commit City to any agreement of any kind or to assume any liabilities of any nature in the name of or on behalf of City. Under no circumstances shall Service Provider, or any of its staff, if any, hold itself out as or be considered an agent employee, joint venture, or partner of City. In recognition of Service Provider's status as an independent contractor, City shall carry no Workers' Compensation insurance or any health or accident insurance to cover Service Provider or Service Provider's agents or staff, if any. City shall not pay any

Agreement No. ###.##.##.###
Software as a Service Agreement

contributions to Social Security, unemployment insurance, federal or state withholding taxes, any other applicable taxes whether federal, state, or local, nor provide any other contributions or benefits which might be expected in an employer-employee relationship. Neither Service Provider nor its staff, if any, shall be eligible for, participate in, or accrue any direct or indirect benefit under any other compensation, benefit, or pension plan of City.

- 16.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the federal laws of the United States of America. Service Provider hereby consents and submits to the jurisdiction and forum of the state and federal courts in the County of Orange, State of California, in all questions and controversies arising out of this Agreement.
- 16.3 Attorney's Fees and Costs. In any arbitration, litigation, or other proceeding, informal or formal, by which one party either seeks to enforce this Agreement or seeks a declaration of any rights or obligations under this Agreement, the non-prevailing party shall pay the prevailing party's costs and expenses, including but not limited to, reasonable attorneys' fees.
- 16.4 Compliance with Laws, City Policies and Procedures. Both parties agree to comply with all applicable federal, state, and local laws, executive orders and regulations issued, where applicable. Service Provider shall comply with City policies and procedures where the same are posted, conveyed, or otherwise made available to Service Provider.
- 16.5 Cooperation. Where agreement, approval, acceptance, consent or similar action by either party hereto is required by any provision of this Agreement, such action shall not be unreasonably delayed or withheld. Each party will cooperate with the other by, among other things, making available, as reasonably requested by the other, management decisions, information, approvals, and acceptances in order that each party may properly accomplish its obligations and responsibilities hereunder. Service Provider will cooperate with any City supplier performing services, and all parties supplying hardware, software, communication services, and other services and products to City, including, without limitation, the Successor Service Provider. Service Provider agrees to cooperate with such suppliers, and shall not commit or permit any act which may interfere with the performance of services by any such supplier.
- 16.6 Force Majeure, Excused Performance. Neither party shall be liable for delays or any failure to perform the Services or this Agreement due to causes beyond its reasonable control. Such delays include, but are not limited to, fire, explosion, flood or other natural catastrophe, governmental legislation, acts, orders, or regulation, strikes or labor difficulties, to the extent not occasioned by the fault or negligence of the delayed party. Any such excuse for delay shall last only as long as the event remains beyond the reasonable control of the delayed party. However, the delayed party shall use its best efforts to minimize the delays caused by any such event beyond its reasonable control. Where Service Provider fails to use its best efforts to minimize such delays, the delays shall be included in the determination of Service Level achievement. The delayed party must notify the other party promptly upon the occurrence of any such event, or performance by the delayed party will not be considered excused pursuant to this Section, and inform the other party of its plans to resume performance. A force majeure event does not excuse Service Provider from providing Services and fulfilling its responsibilities relating to the requirements of backup and recovery of City Data. In no event shall any of the following constitute a force majeure event: (a) failure, inadequate performance, or unavailability of Service Provider's subcontractors, if any; or, (b) configuration changes, other changes, Viruses, or other errors or omissions introduced, or permitted to be introduced, by Service Provider that result in an outage or inability for City

**Agreement No. ###.##.##.###
Software as a Service Agreement**

to access or use the Services. Within thirty (30) calendar days following the Effective Date and on an annual basis thereafter until the termination of this Agreement, Service Provider shall provide its then-current business continuity plan ("Business Continuity Plan") to City upon City's request. The Business Continuity Plan shall include: (a) Services and City Data backup and recovery procedures, including procedures and resources for disaster recovery; (b) fail-over procedures; and, (c) how Service Provider will interact with its business continuity suppliers, if any. Service Provider shall test its Business Continuity Plan on an annual basis until the termination of this Agreement and shall provide the test results to City upon City's request.

- 16.7 Advertising and Publicity. Service Provider shall not refer to City directly or indirectly in any advertisement, news release, or publication, or use any City logo, seal or mark, without prior written approval from City.
- 16.8 No Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect that party's right to enforce such provisions, nor shall the waiver by either party of any breach of any provision of this Agreement be taken or held to be a waiver of any further breach of the same provision.
- 16.9 Notices. Any notice given pursuant to this Agreement shall be in writing and shall be given by personal service or by United States certified mail, return receipt requested, postage prepaid to the addresses appearing at the end of this Agreement, or as changed through written notice to the other party. Notice given by personal service shall be deemed effective on the date it is delivered to the addressee, and notice mailed shall be deemed effective on the third day following its placement in the mail addressed to the addressee.

City

City of Brea

1 Civic Center Circle

Brea, CA 92821

{ProjectManager}

{EmailAddress}

{Phone}

Service Provider

{VendorName}

{Address}

{CityStateZip}

{VendorContact}

{EmailAddress}

{Phone}

- 16.10 { Assignment of Agreement. This Agreement and the obligations of Service Provider hereunder are personal to Service Provider. Neither Service Provider nor any successor, receiver, or assignee of Service Provider shall directly or indirectly assign this Agreement or the rights or duties created by this Agreement, whether such assignment is effected in connection with a sale of Service Provider's assets or stock or through merger, an insolvency proceeding or otherwise, without the prior written consent of City. In the case of an assignment by Service Provider, Service Provider represents and warrants that it has all requisite rights and power to transfer any agreements or other rights with third- parties whose software is incorporated into the Services or who are necessary for the performance and use of the Services. Service Provider shall not subcontract performance of any of the Services without City's prior, written, consent. City, at City's sole election, may assign any and all of its rights and obligations under this Agreement to any company that succeeds to substantially all of City's business.

Agreement No. ###.##.##.###
Software as a Service Agreement

- 16.11 Time is of the Essence. Time is of the essence in every provision of this Agreement in which time for performance is a factor.
- 16.12 Counterparts, Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The parties agree that a facsimile signature may substitute for and have the same legal effect as the original signature.
- 16.13 Entire Agreement. This Agreement and any and all attached exhibits, each of which is incorporated by reference herein, constitute the entire agreement between the parties and supersede any and all previous representations, understandings, or agreements between City and Service Provider as to the subject matter hereof. No representation or promise not expressly set forth herein shall be binding. The provisions of this Agreement shall govern over any inconsistent or conflicting provisions contained in any exhibit hereto. This Agreement may only be amended by an instrument in writing signed by the parties. This Agreement shall be construed without regard to the party that drafted it.
- Any ambiguity shall not be interpreted against either party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.
- 16.14 Cumulative Remedies. All rights and remedies of City herein shall be in addition to all other rights and remedies available at law or in equity, including, without limitation, specific performance against Service Provider for the enforcement of this Agreement, and temporary and permanent injunctive relief.

[SIGNATURES ON FOLLOWING PAGE]

Agreement No. ###.##.##.###
Software as a Service Agreement

Executed on the dates set forth below by the undersigned authorized representative of City and Service Provider to be effective as of the Effective Date. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

{VENDOR}

By: _____

{Name}

{Title}

{EmailAddress}

Date Signed: _____

By: _____

{Name}

{Title}

{EmailAddress}

Date Signed: _____

[Corporation: pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line. Limited liability company: Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

City of Brea

Attest (if over \$25,000)

By: _____

{Name}

{Title}

{EmailAddress}

Date Signed: _____

By: _____

{Name}

{Title}

{EmailAddress}

Date Signed: _____

PROFESSIONAL SERVICES AGREEMENT

Personnel Budgeting Software

EXHIBIT A

Scope of Services and Specifications Requirements

I. Services

- A. **Scope of Services.** The required services for this solicitation are for a qualified proposer to provide and implement a comprehensive Personnel Budgeting Software to streamline and enhance the City's personnel budgeting process. The City currently uses FinancePro, a CentralSquare Technologies product, as the primary ERP solution. An ideal software solution will have integration capabilities, either directly or through file import/export, and offer greater functionality, improved flexibility and more efficient processes specifically for personnel budgeting.

The selected vendor will work with City staff to create an implementation timeline for this software, including key milestones and deadlines. The timeline will include phases such as requirements gathering, software configuration, testing, training and final deployment. This timeline will also include specific deliverables expected to be provided during the project including software licenses as needed, documentation, training materials, and any custom reports or configurations. Ongoing support is to be provided as needed for user assistance, addressing inquiries and resolving issues.

Optionally, the City is interested in additional modules and functionality that may be available. While the immediate focus is personnel budgeting, cost savings opportunities and bundling options for other features and modules may be submitted for future consideration by the City.

i. General Features (REQUIRED).

- Interactive, web-based software with remote access capabilities
- Intuitive software interface with user-friendly navigation
- Role-based access control and permission settings
- Analysis, dashboarding, drill-down and monitoring capabilities
- Interface capabilities with existing ERP software for frequent download and upload
- Audit trail reporting to track history, changes and comments with date stamps
- Automatic, uniform and consistent formatting
- Canned reports and available customizable report functionality
- Allow for compliance with data retention requirements
- Defined security measures to protect sensitive personnel and budgeting data, including user authentication and data encryption
- Redundancy and fail over mechanisms to maintain sufficient software uptime availability
- Advanced defenses against malware and a secure backup recovery system
- Proactive maintenance with regular software updates and patch management

PROFESSIONAL SERVICES AGREEMENT

Personnel Budgeting Software

-
- ii. **Personnel Budgeting (REQUIRED).**
 - Personnel data management, including employee information, salary structures, benefits, classifications, bargaining groups, etc.
 - Budget creation and allocation tools with multiple user access levels
 - Updates for IRS taxable cap, FICA, benefit plan, etc. changes
 - All types of employee (FTE, part-time, temporary) calculation by department, division and employee group/bargaining unit
 - Ability to input or “hard-code” numbers to override based on organization intel not in the system (e.g., an employee budgeted all fiscal year, but we know they are retiring halfway through the year then position being eliminated-need significant flexibility. Another example: special awards categories that are applied to all departments that don’t fit into “headcount” computations)
 - Every layer of costs and individual benefits automatically calculated
 - Dashboard monitoring of salaries, benefits, frozen positions, vacancies and pools
 - Scenario creations, overtime, holidays, workers compensation and employee trend analysis per person
 - Streamlined position request process from department heads that includes them in the planning process
 - Ability to accommodate multiple effective dates for salaries and benefits, i.e. annual anniversary date, midyear, etc.
 - Integration with financial systems for real-time expense tracking or data import/export functionality for seamless data exchange
 - Generation of position headcount and FTE reports (bi-weekly) and ability to input current data into the program
 - Generation of classification plan documents and ability to input those current documents into the program
 - Forecasting and scenario analysis capabilities
 - Reporting and analytics for budget monitoring and decision-making
 - Customization options to adapt to evolving City needs
- iii. **Personnel Action Form (PAF) Workflow (OPTIONAL)**
 - Specify the types of PAFs supported such as new hires, promotions, transfers, terminations, and changes to compensation, status, distribution, etc.
 - Allow for multiple levels of approval and a defined approval hierarchy for personnel actions to be routed
 - Include options for routing of PAFs to appropriate personnel and budgeting stakeholders for review and approval
 - Provide status updates to keep stakeholders informed of PAFs in progress through

PROFESSIONAL SERVICES AGREEMENT

Personnel Budgeting Software

- emails, system alerts and dashboard notification messages
- Integrate seamlessly with the City's PAF management system to ensure a unified and efficient process
- Utilize electronic authorization processes and digital signatures for PAF approvals
- Define the document management capabilities required for attaching supporting documents to PAFs such as resumes, offer letters and performance reviews
- Maintain a comprehensive audit trail for all PAFs and budgeting activities
- Specify compliance features, including tracking changes, documenting approvals and meeting regulatory requirements
- Allow for PAF related reports to be generated frequently as needed, with the ability to create ad-hoc reports for status, approval history and budget utilization

iv. Operational Budgeting (OPTIONAL).

- Builds budgets by department automatically as requests are approved
- Automated workflows to collect, organize and present requests in an intuitive dashboard
- AI-driven forecasts for long-term planning or use as a baseline budget
- Automated audit trail by collaborating with contributors during editing
- Create multiple scenarios/forecasts by fund with the ability to revise and override
- Support frequent imports of data from FinancePro
- Export budgets to FinancePro directly
- Create budget-to-actual ad-hoc and canned reports

v. Capital Budgeting (OPTIONAL).

- Automated workflows to collect, organize and present requests in an intuitive dashboard
- Web-based templates to create customized request forms and scenario planning tools.
- Allow for collaboration with contributors directly in the budget – with an automatic audit trail for tracking changes and submissions
- Allow for producing professional web-based project pages for sharing with the public
- Ability to filter requests by department, funding source, and request type
- Create unlimited multi-year scenario plans to optimize capital utilization
- Rank capital requests based on custom criteria to facilitate prioritization
- A robust capital improvement portal to communicate projects internally and externally

vi. Digital Budget Book (OPTIONAL).

- Collaborative, customizable and shareable online or print
- Meets GFOA award criteria with built-in guidelines

PROFESSIONAL SERVICES AGREEMENT

Personnel Budgeting Software

- Automatically delivers an interactive web-based product
- Interface capabilities with existing ERP software and automates the creation of fund summary pages, charts, tables, etc.
- Contributors can create new pages quickly with easy-to-use templates
- Automatic data updates within the budget book, embedded narratives, smart charts, and options for syncing directly to the operational budget module or uploading through an intuitive budget editor

vii. **Transparency (OPTIONAL).**

- Turnkey, web-based solution that is pre-populated with state-available data using dynamic infographics
- Interface capabilities with existing ERP software for frequent download and upload
- Customizable to the City with charts, department pages and commentary
- Allows for adding City specific narrative to the financials and personnel sections

End of this Exhibit

PROFESSIONAL SERVICES AGREEMENT

Personnel Budgeting Software

Attachment 1 to Exhibit A

CONTRACTOR'S PROPOSAL AND FEE SCHEDULE

(attached)



02/23/24

RFP 2024.02.06.01 – Personnel Budgeting Software - Addendum 01

The following addendum is issued to reflect responses to questions received regarding this solicitation:

1. Does the development work need to be on the Premises of City Office?

A custom-developed solution will most likely not be able to meet the timeline milestones as provided in the RFP. An ideal personnel budgeting software would be an already completed solution that is available as an off-the-shelf product.

If this product is part of a software suite, it must also be available for purchase as a standalone application or module.

There is no requirement for implementation or customization work to be done onsite, assuming that this work can be done remotely or virtually.

2. If the vendor were to provide a customized web application or solution with a database backend, is there a technology preference for the implementation?

All viable technology solutions will be considered. There is no technology preference, however, the evaluation criteria as described in the RFP will be applied across all proposals as part of the review and selection process.

3. Please provide more details on FinancePro, like its version in use, if the current software installed in the city permit allows for API integration or not. Does the license agreement allow access to the database it uses or not etc.

FinancePro is not a locally installed software program. It is a cloud-based financial software that is accessed via web browser. Per the software product manager, we are currently using version 21.3, there is no API integration and the only database access is through the Cognos Analytics reporting product.

4. Is there a specific tool selected or by choice exists for Reporting purposes? are crystal reports or Power BI reporting options in the city.

There is no specific reporting tool that must be used. City staff is familiar with IBM Cognos reporting software which is utilized by FinancePro.

5. Looks like the vendor resources will need to work with city Subject Matter Experts closely to understand the requirements and translate them into units of work. Is it expected for the Business Analyst to work out of the City Office or can remotely work through Zoom or other teleconferencing call facilities to vet the requirements?

There is no requirement for meetings to be done onsite, assuming that necessary communication and exchange of information can be done remotely or virtually.



6. **If the solution need to be implemented on-prem, please describe the environment details, such as the current infrastructure hosting the application and the expected future state of the platform including reliability requirements, Non-Functionality Requirements etc.**

The software solution does not need to be implemented on-prem.

7. **What is the preferred database product - MYSQL, SQL SERVER, Oracle, or Others, please specify.**

There is no preferred database product. The evaluation criteria as described in the RFP will be applied across all proposals as part of the review and selection process.

8. **How many user licenses are required?**

The budget team currently consists of two primary users, however, depending on the software features and functionality, staff from each City department may also utilize the software to run reports, analyze data and test various cost scenarios. The total number of licenses needed will need to be evaluated as part of the review process. Please be sure to provide the cost information for additional licenses if this impacts your fee structure.

9. **How many user licenses are needed?**

See response to question #8.

10. **Is the City able to provide an editable file format (e.g., Word document) of the required forms included in the RFP?**

Word versions will not be provided. Please use the PDF document, or print and scan completed hard copies for electronic submission.

11. **Do you have any preference for a local vendor?**

The evaluation criteria as described in the RFP will be applied across all proposals as part of the review and selection process. There is no preferred vendor, however, the City of Brea Purchasing Policy Resolution states that if an offer for a purchase is submitted by a local vendor, then for the purpose of comparison, the amount of such offer shall be reduced by 1%.

12. **Do you have any "not to exceed budget"?**

The evaluation criteria as described in the RFP will be applied across all proposals as part of the review and selection process. Value and economy to the City of the proposed project approach and pricing are two evaluation criteria.

13. **Are there any roadblocks to offshore development?**

See response to question #1.



- 14. Do you expect any onsite support/visits/meetings during the development/support phase?**

There is no requirement for meetings to be done onsite, assuming that necessary communication and exchange of information can be done remotely or virtually.

- 15. How does the City currently perform non-Personnel Operating budgeting?**

The City operating budget is prepared as an organization-wide effort, coordinated by representatives from each department under the guidance of the budget team and ultimately reviewed by City executive staff before being submitted to the City Council for approval. Data is gathered and entered into FinancePro as part of this process. For more information on the budget process, please visit <https://www.ci.brea.ca.us/95/City-FinancialsBudget>.

- 16. We understand the City currently utilizes a Transparency tool - is a replacement of that tool under consideration?**

While the required services for this solicitation is for a qualified proposer to provide and implement a comprehensive Personnel Budgeting Software, the City is interested in additional modules and functionality that may be available. Transparency is listed as one of the optional modules for possible future consideration.

- 17. How does the City currently perform Capital budgeting?**

The City Capital Improvement Plan (CIP) budget is prepared by the Public Works Department, in coordination with other City Departments. Data is gathered and entered into an Excel spreadsheet for the purpose of tracking, analysis and generating reports. For more information on the budget process, please visit <https://www.ci.brea.ca.us/95/City-FinancialsBudget>.

- 18. Under Personnel Action Form (PAF) Workflow (OPTIONAL), the RFP states "Integrate seamlessly with the City's PAF management system to ensure a unified and efficient process". What is the desired use case for the Personnel Action Form if the City already has a PAF management system?**

Personnel Action Forms (PAFs) are currently created outside of our financial software, requiring manual data entry which is inefficient and can lead to errors. PAFs are also printed and hard copies are routed for signature, which further reduces efficiency and can lead to documents being lost or overlooked, which causes delays in the process. A PAF software solution can offer improved accuracy, efficiency and functionality.



There are no other changes, additions, or deletions by issuance of this addendum.

Sincerely,
Stephanie Garcia
Senior Buyer



Software Proposal

In Response to City of Brea Request for Proposals No. 2024.02.06.01 Personnel Budgeting Software

SUBMITTED ON

February 29, 2024

PREPARED FOR

Stephanie Garcia
Senior Buyer
City of Brea

PROPOSAL CONTACTS

Joe Eiskant
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(607) 760-0524

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tbridges@cleargov.com
(855) 553-2715 Ext. 7087

CLEARGOV HEADQUARTERS

2 Mill and Main Place, Suite 630
Maynard, MA 01754



OUR MISSION

**We Create Easy-to-Use Software
to Help local governments Plan and
Budget Better**

**NACo endorses ClearGov Budget Cycle Management as the
budgeting solution of choice for local agencies.**



"ClearGov's commitment to modernizing the government budgeting process with affordable, easy-to-use software has saved counties countless hours by streamlining and automating the annual budget process. After our rigorous evaluation process, we are pleased to share ClearGov's innovative solutions with our members."

Paul Terragno
Financial Services Center Managing Director,
NACo

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February 29, 2024

Stephanie Garcia
Senior Buyer
City of Brea
1 Civic Center Circle
Brea, CA 92821

Dear Stephanie,

We are pleased to provide you and your team at the City of Brea with the attached proposal in response to your department's Personnel Budgeting Software RFP for your consideration.

Based on our review of the budgeting requirements outlined in your RFP, it is our understanding that you are looking for a solution that will enable the City to build your annual budget - including the Personnel Budget - in a collaborative manner and present your proposed and/or final budget information online via a digital budget book.

I am pleased to confirm that the ClearGov platform delivers on all of these budgeting requirements, as detailed in the following proposal. Our mission at ClearGov is to create easy-to-use, modern software to help local governments plan and budget better. We make it easy for local governments like yours to operate more efficiently and communicate more effectively. Our solutions are easy to afford, implement, and use. They don't cause a lot of upheaval, and they don't force you to reinvent the wheel. ClearGov solutions are designed to be just right for local governments like the City of Brea.

We fully appreciate the demands on your time, so I'd like to thank you in advance for the time that you and your team will spend reviewing this proposal. If you have any questions or need additional information of any kind, please do not hesitate to ask.

ClearGov is the leading provider of budgeting and planning solutions for local government agencies, so I am confident that you and your team will be impressed by the ClearGov solutions and even more impressed by how hard we will work to make you happy.

We look forward to working with you.

Sincerely yours,



Bryan A. Burdick
ClearGov, Inc., President and Co-Founder

Background, Experience, Qualifications & Understanding

ClearGov's mission is to create easy-to-use, modern software that helps local governments budget better. We believe that every local government should have the opportunity to leverage technology to operate more efficiently and communicate more effectively. We pursue this mission by carefully designing solutions that are clear, collaborative, compelling and cost-effective to fuel better budgeting and drive community support.

- ClearGov was incorporated in October 2015 and began designing and developing its initial product (ClearGov Transparency) for local governments. That product was launched nationally at the beginning of 2017.
- Based on the early success of this initial product, ClearGov was able to secure an initial round of venture capital in March 2017 and began to grow rapidly.
- ClearGov launched its second product (ClearGov Operational Budgeting) in late 2018 and a third product (ClearGov Digital Budget Book) in June 2020. The final two components of the ClearGov Budget Cycle Management Suite (Capital Budgeting and Personnel Budgeting) launched in 2021.
- In August 2023, ClearGov launched its latest product - ClearPlans - a solution to help local governments build, present and manage strategic and departmental plans.
- ClearGov now serves over 1,000 local government, school district and special district clients across 49 different states, including 100+ customers in the state of California.
- ClearGov has been named a GovTech 100 company (top technology companies serving the public sector) for eight consecutive years.
- ClearGov was recently named to the 2023 Inc. 5000 list of America's fastest growing companies for the third year in a row.
- **ClearGov solutions are endorsed by the National Association of Counties (NACo) as their budgeting platform of choice.**
- ClearGov is an Affinity Partner with the Association of School Business Officials International (ASBO). Through this collaboration ClearGov supports ASBO in promoting the highest standards of school business management, professional growth, and the effective use of educational resources.
- ClearGov is a team of 170+ professionals headquartered in Maynard, MA (2 Mill and Main Place, Ste 630, Maynard, MA 01754) with satellite offices in more than 25 states.
- ClearGov, Inc. is a privately held company (C-Corp) with no parent company to disclose.
- Additionally, ClearGov, Inc. has no pending litigation, terminated contracts or governmental enforcement actions to disclose.
- To learn more about ClearGov, please visit our website at cleargov.com.

Proposal Contacts

Please find the authorized ClearGov representatives' contact information below.

Joe Eiskant, Solutions Advisor

Email: jeiskant@cleargov.com

Phone: (607) 760-0524

Tyler Bridges, Proposal Manager

Email: tbridges@cleargov.com

Phone: (855) 553-2715 Ext. 7087

Key Personnel

In the event that ClearGov is awarded a contract with the City, we intend to assign the following ClearGov Client Success team members to lead the implementation and project efforts.

Laurie Fox - Director, Client Success

Professional Summary

Laurie joined ClearGov as Director of Client Success in December 2020. She has over 20 years experience leading and developing client-focused teams. At ClearGov, she is responsible for delivering a smooth and seamless onboarding experience to ensure clients quickly see the benefits of the ClearGove solution. Laurie also serves as the Client Success Manager for a handful of clients to stay on top of any challenges or opportunities to improve service.



Prior to joining ClearGov, Laurie worked with several not-for-profit consortiums bringing leading edge technology to the world. In these roles Laurie managed operations, strategic planning, membership development, and committee support. Laurie also spent 5 years at Constant Contact leading the Client Services team who were responsible for managing email marketing and other digital marketing activities for hundreds of small businesses.

When not working, you can find Laurie somewhere near the ocean, whether it's boating in her seaside town, or traveling the world with her husband and daughter.

Fun Facts

Q: If you could take 3 things to a desert island what would they be?

A: I would take my kindle (and figure out a way to use solar power to charge it) because I need to read EVERY night before falling asleep, a pair of cozy socks because I hate cold feet, and some sunscreen because I love to sit in the sun, but don't like to get burnt!

Q: What's your favorite ride at a theme park?

A: My favorite ride at a theme park is any roller coaster. I do prefer the newer, smoother coasters, but like the old rickety ones too. My favorite roller coaster experience to date is taking my daughter (8 at the time) on the SooperDooperLooper at Hershey Park because she was SO scared to go upside down, but loved it so much we went on it 10 more times. We often build vacations around theme parks!

Anna Balcora - Client Success Manager

Professional Summary

Anna joined ClearGov as a Client Success Manager in September 2018 and brings over 10 years experience in Account Management, Professional Services and Marketing. Over the years, she has worked with hundreds of clients from small and medium sized businesses and non-profit organizations to municipalities and school districts. Anna provides training, best practice consultation and coaching while ensuring that they see success and value in the platform.



Anna has a B.A. in Communication Arts and a B.S. in Information Technology. Outside of work, she likes to travel with family and volunteer at Open Table, a local non-profit.

Fun Facts

Q: What was your favorite subject in school? Why?

A: I loved my Advertising Arts class when I was pursuing my degree in Communications. In addition to learning valuable marketing techniques this class helped me hone my skills in photography, copywriting and design. I always looked forward to attending this class to see clever and creative

campaigns and collaborate with peers. I have always been fascinated by how powerful advertising drives emotion and inspires action.

Q: If you had a super-power, what would it be?

A: Definitely time travel. Often, I feel like there is not enough time in the day and I would love to be able to turn back the clock even for just a couple of hours each day to spend more time with family. It would also be a treat to travel back in time to meet my ancestors or to relive my favorite childhood memories.

Frank Mallardo - Implementation Manager

Professional Summary

Frank joined ClearGov in July 2018 and brings over 10 years experience in Account Management and client relations. Over the years, he has worked with hundreds of clients from small to large-sized businesses, municipalities, and school districts. Frank provides training, best practice consultation and coaching to ensure clients achieve success and value with the ClearGov platform.



Frank has a Bachelor's in Marketing, outside of work, he likes to try new restaurants and travel to new places whenever possible.

Fun Facts

Q: Who was your favorite teacher, and what impact did they have on your life?

A: My 4th grade teacher Mr Hayner. He was a giant 6 foot 6 guy with a massive beard and looked like he belonged at a biker rally. He was probably the nicest guy I've ever come across. That's when the "Don't judge a book by its cover" lesson really made sense for me.

Q: What nickname(s) did/do you have, and how did you earn it/them?

A: Never really had a nickname. The closest would be after the movie Old School came out. I think anyone named Frank has been called "Frank the Tank" at some point ever since.

Donna Landry - Data Onboarding Consultant

Professional Summary

Donna joined ClearGov as a Data Onboarding Consultant in August 2021. Donna brings over 25 years experience in State and Municipal Government. Throughout her career, her roles have included Management, Data Analysis, Software Implementation and Customer Service. She has a strong understanding of government finance, policies and procedures. Donna provides data mapping and analysis to ensure customers have a positive customer experience in the onboarding process. She has a passion for interpreting and analyzing data.



While not working, Donna enjoys hiking, spending time with her husband and son, and going on road trips.

Fun Facts

Q: What was your favorite subject in school? Why?

A: In high school, Art Class was my favorite subject. I enjoyed the time to just be creative and take a break from academics. Art class allowed me to meet other students with similar interests. My Art Teacher, Mr. Pelletier was always encouraging and helped to build confidence in his students.

Q: Tell us about the first pet you ever owned.

A: When we were children my father didn't want any animals in the house. This mangy stray cat began hanging around the neighborhood and after sneaking him food (mostly hotdogs) when no one was watching, "Kal" somehow became a part of the family. After having Kal for many years he went missing for 6 months and then one day showed up on the front step like he never left.

Katy Hutchinson - Training and Support Manager

Professional Summary

Katy Hutchinson joined ClearGov in June of 2020 with over 10 years of experience in education, training, and development. At ClearGov, she helps clients and teammates maximize their use of the ClearGov product suites through training sessions and educational resources.

Katy has a bachelor's degree in Earth Science from Vassar College and a Masters in Curriculum and Instruction from Dominican University. She is a voracious reader, an enthusiastic runner, and loves to find off-the-beaten-path places to eat and drink while traveling.



Fun Facts

Q: Who was your favorite teacher, and what impact did they have on your life?

A: Ms. Young was my AP European History teacher in my senior year of high school. She was such an enthusiastic and dedicated educator. She is largely responsible for my research abilities and my writing skills. She taught me how to "answer the freaking question" concisely and with evidence. And, that Hershey's kisses make every class better.

Q: If you had a super-power, what would it be?

A: Teleportation - I wish I could magically travel to other places in moments, especially since my friends and family are spread out all over the world. It would be nice to be able to see them any time I wanted to.

Solutions Overview

Based on our review of the City's RFP and understanding of your key needs and objectives, we are proposing the following ClearGov solutions.

Please note: ClearGov Personnel Budgeting solution meets all of the City's requirements as requested in the RFP, but we have included details on other ClearGov budgeting solutions available to the City.

ClearGov Personnel Budgeting (Requested)

- A filterable personnel dashboard provides a birds-eye view of your headcount budget and enables you to visually compare unlimited personnel budgeting scenarios
- Automated workflows streamline position and reclassification requests
- Create salary and benefits plans for up to 20 years
- Analyze the effects of salary/benefit adjustments for more informed union negotiations
- Create and export custom reports to share your personnel budget internally and externally

ClearGov Operational Budgeting (Optional)

- A robust, yet simple-to-use budgeting solution that is specifically tailored to the needs of local governments to streamline the budgeting process.
- Enables finance teams to easily collaborate in real time
- Eliminates spreadsheet errors
- Provides visual dashboards for all funds summary and budget to actuals
- Enables end-of-year projections and fund balance analytics

ClearGov Capital Budgeting (Optional)

- Utilize built-in templates to easily create customized capital request forms

- Automated workflows collect, organize and present capital requests in an intuitive dashboard with the ability to filter by department, funding source, request type and more
- Leverage capital request template forms and create custom forms
- Create unlimited multi-year scenario plans to optimize capital utilization
- Score and rank capital requests based on custom criteria to prioritize requests

ClearGov Digital Budget Book (Optional)

- The easiest and fastest way to build an award-winning budget book
- Automatically generates a professionally formatted template that's pre-populated with your financials, capital request data, charts, and more
- Let's you and your team work collaboratively to fill in the details
- Built to GFOA guidelines, optimized to ADA standards and designed to be mobile-friendly

ClearGov Transparency (Optional)

- Transforms complex government financials into easy-to-understand infographics
- Publishes fiscal information in a uniquely compelling way that drives understanding and support throughout your community
- Includes simple but powerful tools that enable you to offer residents a window into capital projects and department performance

Implementation Plan

You will be assigned an Implementation Manager (IM), who will develop a plan to get your team up and running that is based on your specific goals and timeline. The ClearGov Onboarding Process will have a big impact on your overall success with our platform, and as such, it is a team effort between you and ClearGov that includes three key components:

General Ledger Data Mapping

- A ClearGov Sr. Data Advisor will format, upload and map your financial data (i.e. revenue and expense data). Your role is to provide us with a complete set of data files as well as guidance on how you would like to view the data, and to review and provide feedback along the way. This is the most important onboarding step as it enables the full use of the budgeting applications.

Training

- Our products are designed to be intuitive and easy to use, but ClearGov provides a robust set of self-directed training resources, as well as live custom workshops to share best practices and help you get the most from our solutions.

Configuration

- Once trained, you can easily configure the ClearGov platform to meet your specific needs - for example - by customizing capital request forms; creating wage schedules; selecting the panels to include in your Transparency Center; etc.

Timeframe

- We have learned that different customers have different priorities, so the onboarding process usually takes between 60 - 90 days. If you have a specific deadline, please let me or your Implementation Manager know, and we'll get back to you quickly to let you know if it's possible, as well as what needs to happen - by when - to achieve that deadline.

Conclusion

In the pages that follow, we'll explain how and why ClearGov solutions not only offer the best value for the City, but also make your day-to-day operations more efficient, productive, and impactful.

As the leading provider of budgeting and planning solutions, ClearGov is committed to helping local governments like yours "make democracy work better". And while that may sound lofty, "democracy" is

simply what you do every day. We just want to help you do it in a modern, data-driven way — a way that makes your job easier, lightens your load, showcases all the good work that you do, and ultimately helps you better serve your community.

ClearGov already works with hundreds of local governments, schools, counties and other agencies across the country, and we'd be delighted to welcome the City of Brea into the fold. If you have questions or concerns as you review this proposal, please do not hesitate to reach out. Thank you for your consideration.

Budget Cycle Management Overview

We know that you're working hard to make your local government run better, and you know that technology can help you get it done. Unfortunately, most of the gov-tech software on the market right now is designed for sprawling megacities or state and federal government — not local agencies like yours. So, these platforms are often complicated, expensive, and loaded with bells and whistles that you'll never use. You don't need a chainsaw to carve a turkey. You simply need the right tool for the job.

ClearGov, the leader in modern budgeting and planning solutions, is built from the ground up specifically for local governments. It does everything you need it to do. It's just-right software for agencies that are looking to take that critical next step toward modernizing their budget process. Therefore, all ClearGov solutions are:



CLEAR AND EASY TO USE

At ClearGov, everything we do is designed to make complex government data easy to understand and easy to use, internally and by the public at large. We present data in readily-understood infographic form, and offer an interface for our internal tools that's easy for every staff member to learn and use.



CLOUD-BASED

Web-based software requires no installation, no maintenance and is always up-to-date. Plus, it gives local governments the ability to quickly adjust to evolving input and changing dynamics. We host our software and our data with Amazon Web Services, which ensures data security and world-class software performance.



CONNECTED

All ClearGov solutions share a common data set and work together seamlessly. Plus, when you're ready to implement, we do all the heavy lifting for you. To get started, all you have to do is send us an Excel file with your financial data, and we'll onboard it for you.



COLLABORATIVE

ClearGov solutions are designed to improve collaboration and efficiency by automating processes and outcomes. Streamlining the collaborative process is vital to prevent key items from falling through the cracks. Centralization and remote access to documents, systems and processes is mission-critical.



COST EFFECTIVE

ClearGov is built and priced for local governments. Our packages are all-inclusive, so you'll never be charged extra for per-seat licenses, never be surprised with hidden fees, and never pay for support or product updates...never.

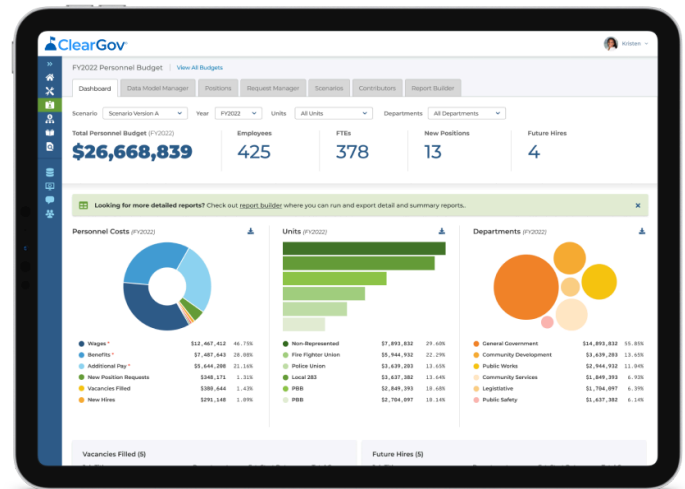
Our goal is to delight our customers with unbeatable value in everything we do.

Personnel Budgeting

Modern Personnel Planning

Chances are that people represent the biggest chunk of your annual budget, and it's also the most complicated. ClearGov's Personnel Budgeting solution enables you to throw away those massive spreadsheets that you've been managing by hand and streamlines the entire personnel planning and forecasting process in a single, cloud-based, collaborative solution.

Complete with powerful tools to manage position requests, inform union negotiations and much more, ClearGov's Personnel Budgeting application is a unique software platform built specifically to help finance directors more easily budget for salaries, benefits and other personnel costs.



[Watch a 5 minute micro-demo here](#)

✓ **Personnel Dashboard**

✓ **Union Negotiation Planning**

✓ **Position Request Manager**

✓ **Multi-year Position Budgeting**

✓ **Vacancy Planning**

✓ **Integrated Report Builder**

✓ **Unlimited Scenario Planning**

✓ **And more...**



"The more we work in ClearGov, the easier it gets. We first bought Transparency, and then subsequently added Digital Budget Book several months later. Now, we are planning to upgrade to the full suite this spring so we can use Operational Budgeting, Capital Budgeting, and Personnel Budgeting for our next budget cycle. The ClearGov team has been amazing to work with."

Linda Watson
Finance Director
Page, AZ
Population: 7,375



Personnel Request Manager

The ClearGov Personnel Budgeting solution enables you to quickly and easily setup and organize your personnel data, collective bargaining rules, open positions and more. Automated workflow tools enable you to capture position requests in a digital format and automatically incorporate these changes into your personnel planning model.

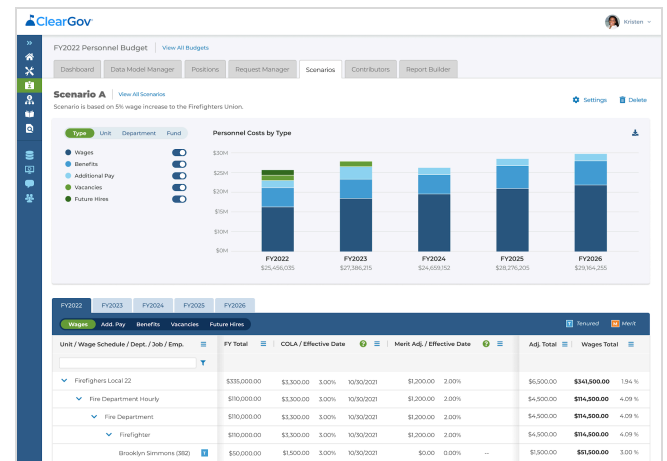
- **Position Management:** Easily import all people, positions and units from your accounting system and set up rules for steps, lanes, benefits, overtime and more.
- **Digital Request Forms:** Stop using paper or Excel request forms. Enable department heads to submit new position requests using digital request forms, and all data is automatically captured within your personnel plan.
- **Request Manager:** Manage all new position requests from one table. Easily see the details of each request, add comments for the requester, and take other actions on the request. Requests can be included in scenarios to see the impact of new positions as you build your personnel budget.



Personnel Planning

ClearGov Personnel Budgeting provides a powerful yet intuitive set of tools to review, plan, compare and communicate multiple personnel plan scenarios to help you make smart decisions about your team and your budget. Compare and contrast single year or multi-year budgets. Easily alter any of your key assumptions to examine unlimited what-if scenarios.

- **Data and Rules Manager:** Intuitive tools enable you to set up and manage key assumptions and rules by position or by CBA unit.
- **Scenario Planning:** Seamlessly create unlimited, personnel budget scenarios based on applicable rules and assumptions by unit, by position or by individual.
- **Union Negotiations:** Analyze the effects of adjustments to salaries and benefits for more informed negotiations.
- **Vacancy Planning:** Get a complete picture of your current and future workforce budget; create and fill vacant positions on specified dates.
- **Multi-Year Planning:** Automatically create salary and benefit plans for up to 20 years in the future.

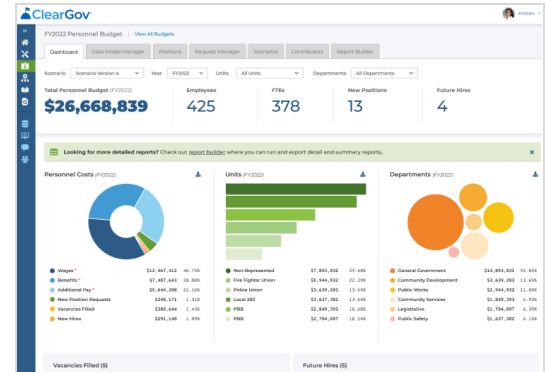




Personnel Dashboard

ClearGov Personnel Budgeting rolls up all of your critical information into an easy-to-read, graphical dashboard to help you immediately see the impact of key decisions and share these insights with the rest of your team in a common cloud-based environment.

- **Robust Filtering:** Immediately see the impact on your headcount plans from multiple angles. Filter your personnel dashboard by department, job type, position, unit, and more.
- **Report Builder:** Create and export custom reports to share your workforce budget with internal and external stakeholders and existing systems.



Why does the City need this?

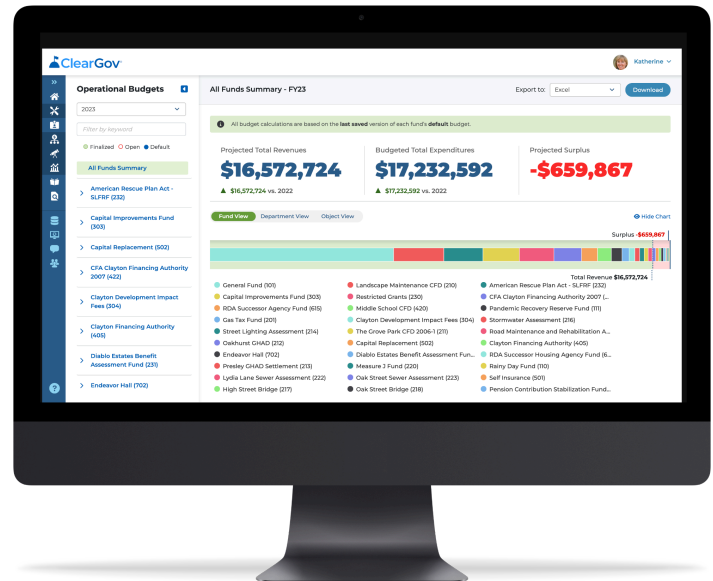
- **Scrap the Spreadsheets:** Get rid of those massive personnel planning spreadsheets and stop sorting through emails to find the right update. Best of all, eliminate those tedious spreadsheet errors that take hours and hours of precious time to find and fix. ClearGov is cloud-based, so everybody works on the same error-free master file vs. a multiple spreadsheet monster.
- **Accurate forecasts:** More accurately forecast personnel expenses, including salaries, benefits and other ancillary compensation such as overtime to help you make better, fact-based decisions today.
- **Critical insights:** Leverage scenario planning to understand the true impact of key labor contract negotiations, plan for vacancies, furloughs and more.
- **Save time and effort:** Manage new position and reclassification requests more efficiently and incorporate those changes directly into your planning.
- **Streamline Budget Reviews:** Share your dashboard and key reports with internal and external stakeholders for review, feedback and approval. With all of the relevant information in one place, your budget review meetings will be a snap.
- **Synchronized budgeting:** ClearGov's Personnel Budgeting also syncs directly with ClearGov Operational Budgeting to further streamline your overall annual budgeting process.

Operational Budgeting (Optional)

Budget Better Together

ClearGov Operational Budgeting is a suite of flexible, cloud-based budgeting, forecasting and fund balance modules designed to leverage your existing financial data into a more efficient and collaborative budget building process that streamlines communication with department heads and other budget stakeholders.

It is a one-stop shop to dynamically forecast what-if scenarios, build a budget and communicate budgeting rationale. Designed specifically for local governments and school districts, ClearGov Operational Budgeting is a giant step forward from building your budgets and forecasts with Excel or the legacy accounting system budgeting tools.



[Watch a 5 minute micro-demo here](#)

✓ **Budget Dashboard**

✓ **All Funds Summary**

✓ **Automated Audit Trail**

✓ **Budget to Actuals Charts**

✓ **Unlimited Budgets**

✓ **Departmental Collaboration**

✓ **End of Year Projections**

✓ **Integrated Report Builder**

✓ **Fund Balance Metrics**

✓ **Multi-Year Forecasting, and more...**



"Having the budget online eliminates version control issues and lets everyone know where we are in the process. Instead of calling or emailing department heads, I can just go into ClearGov and access all the requests and supporting documentation in one spot."

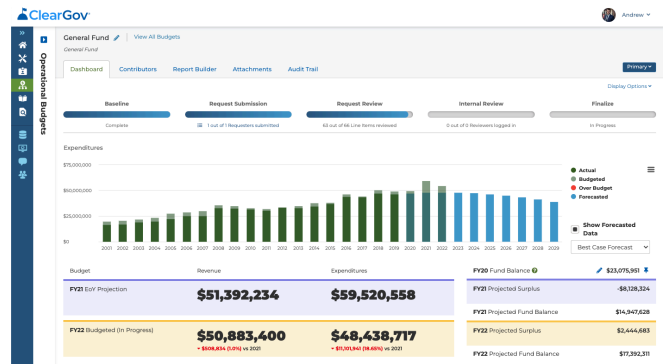
Sean O'Brien
Special Assistant to the Finance Director
Town of Natick, MA



Budget Builder

ClearGov's Budget Builder helps your staff budget better, together. Using a single, shared online workspace, financial executives, committee members, and department heads can collaborate on building a budget using an efficient tool that's been designed specifically to meet the budgeting needs of local governments.

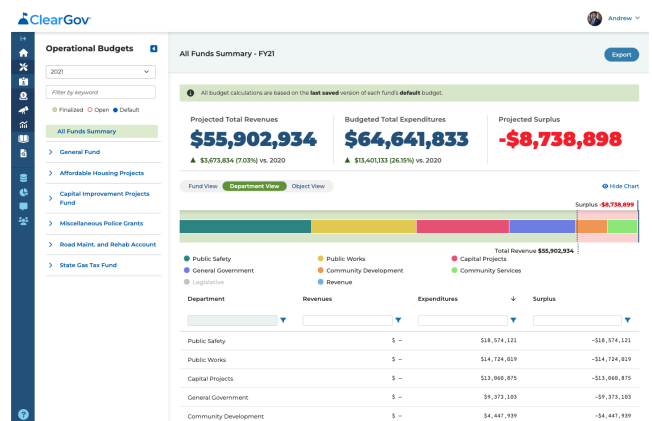
- **Choose your baseline:** Base your budget on last year's data, on a simple-to-generate budget forecast (see below) or use zero-based budgeting.
- **Collaborate effectively:** ClearGov Budgets makes it easy to manage, merge, track and review budget requests and changes as a team, every step of the way.
- **Create unlimited budgets:** Create multiple budgets every year across different funds or for the same fund. You can even build out what-if scenarios.
- **Add notes and supporting material:** Comments and supporting documents are easily attached directly to line items so they are readily available for reference.
- **Keep a thorough audit trail:** Automatically track every change, comment, and version so you always know who changed what and when.
- **Build custom reports with a click:** Easily create and export custom reports to share your operational budget with internal and external stakeholders and existing systems.
- **Operational Budget Dashboard:** Quickly see and share the status of your budget-building process. Filter on current and historical financial data. Automatically aggregate all budget requests in one place.



All Funds Summary

With ClearGov's automated All Funds Summary dashboard, you can easily review your holistic budget. No more switching between spreadsheet tabs or scrolling screen by screen to get the full picture.

- **Automated Summary:** View your budget across all funds via an interactive, visual dashboard.
- **Toggle Your Views:** Filter and sort functionality is built-in. You can toggle your view by fund, department or object.
- **All Funds Summary Export:** Online collaborators will have access to the All Funds Dashboard, and with one click, you can export a full report to Excel, CSV or PDF.





End of Year Projections

As your fiscal year progresses or as the fiscal year-end approaches, your collaborators can submit end-of-year projections. ClearGov automatically updates your projected fund balances to help you make more informed decisions for next year's budget.

- **EOY Collection:** Seamlessly include an “End-of-Year Projection” column in your budget workspace. Default to previous year's numbers or zero-balance.
- **Fund Balance Analysis:** Utilize interactive charts to give your finance team new perspectives and insights on your projected Fund Balances.
- **Pin Your Chart:** Your collaborators can pin their fund balance chart to their workspace to see live updates as they work through their budget requests entry.

	FY20 Projected	FY21 (In Progress)	FY22 Forecasted
Public Safety	\$18,437,833.00	\$0.00	\$18,449,120.00 -0.82%
Police Services	\$18,437,833.00	\$0.00	\$18,449,120.00 -0.82%
Capital Outlay	\$0.00	\$0.00	\$0.00 n/a
Personnel	\$118,978.00	\$0.00	\$118,978.00 0%
Operations and Maintenance	\$221,291.00	\$0.00	\$232,598.00 -1.31%
INCENTIVE PAY	\$0.00	\$0.00	\$0.00 n/a
MEMBERSHIPS & DUES	\$505.00	\$0.00	\$282.00 -50%
TRAINING & EDUCATION	\$0.00	\$0.00	\$20.00 -99.78%
FY20 Fund Balance	\$18,267,038.00	\$1,500.00 149900%	\$0.00 n/a
FY20 Proj. Surplus	\$31,214,636	\$0.00	\$0.00 n/a
FY20 Proj. Fund Balance	\$40,481,074	\$1,618.00	\$1,618.00 0%
FY21 Proj. Surplus	-\$8,148,424	\$30,308.00	\$30,308.00 0%
FY21 Proj. Fund Balance	\$41,333,320	\$0.00	\$0.00 n/a
SUBSCRIPTIONS & BOOKS	\$0.00	\$0.00	\$0.00 n/a
UNIFORMS	\$18,188.00	\$0.00	\$18,188.00 0%

Why does the City need this?

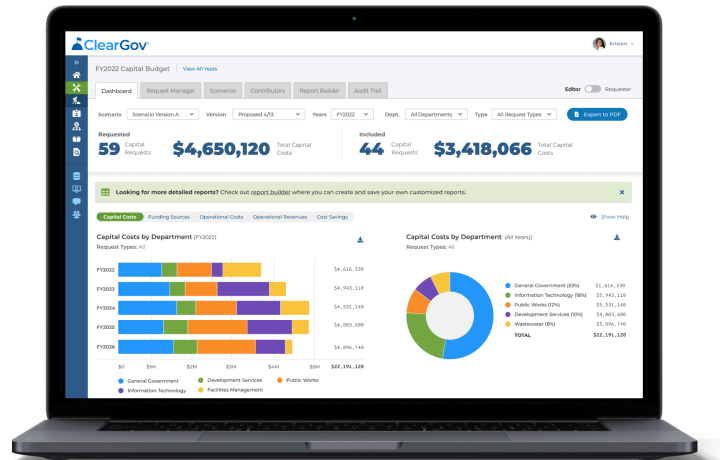
- **Improve accuracy:** Nearly 9 out of 10 spreadsheets contain errors. Finding those mistakes and fixing them can be frustrating and wastes precious time. But ClearGov is cloud-based, so everybody works on the same error-free master file vs. a multiple spreadsheet monster that has to be managed and merged manually.
- **Collaborate more effectively:** ClearGov allows everyone involved to work from the same platform, share comments and suggestions, and immediately see the impact across the organization — in real time — as budget development unfolds.
- **Free up time and resources:** Preparing the annual budget consumes a big chunk of your time, but it's not the only thing you do. Modernizing your budgeting process will free up your time and talent to focus on other critical projects as well.
- **Make better budgeting decisions:** ClearGov's dynamic, graphical interface helps you clearly visualize historical trends — at a glance — so you can readily identify areas that are consistently under or over budget and make adjustments accordingly.
- **Plan for the long term:** Access to an AI-driven forecasting tool enables you to better assess how budget decisions made today will impact revenues and expenditures down the road. Create multiple forecasts to better plan for “best case” or “worst case” scenarios.
- **Identify areas of potential overspend/prevent waste:** With instant, easy access to benchmarking data, you can uncover areas for savings quickly and adjust your budget accordingly.

Capital Budgeting (Optional)

Smart Capital Planning

Capital planning doesn't have to be complicated and it definitely doesn't need to be manual. It's time to get rid of those hard copy capital request forms and move your entire capital planning process into the digital age.

ClearGov Capital Budgeting is the first cloud-based capital improvement planning (CIP) solution specifically designed for local governments that streamlines requests, provides a multi-year scenario optimization process, and generates website-based pages automatically for each capital improvement.



[Watch a 7 minute micro-demo here](#)

✓ Capital Budgeting Dashboard

✓ Unlimited Contributors

✓ Capital Request Manager

✓ Project Request Templates

✓ Request Scoring & Ranking

✓ Integrated Report Builder

✓ Unlimited Scenario Planning

✓ And more...



"Our CIP team absolutely loves the capital budgeting product. They love the fact that they can import our projects into it, and we can show our citizens this information. We are going to use the Transparency project pages so that our citizens can get updates on our projects."

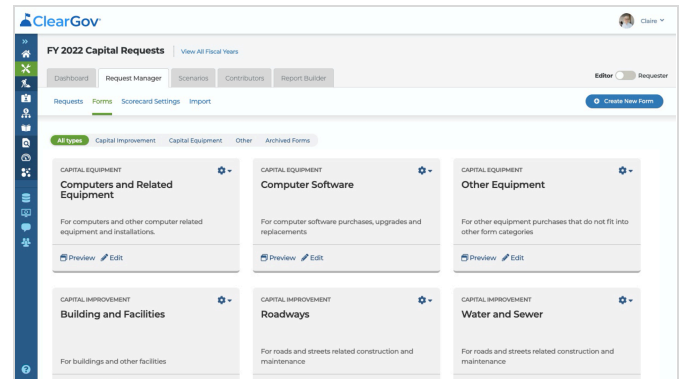
Christin Lindsey
Senior Budget Analyst
Pflugerville, TX



Capital Requests

The Capital Request function is a dashboard-driven tool that automates and optimizes the process of collecting, organizing, and reporting capital requests across all departments and automatically populates your capital plan. Think of it as a modern, digital-first solution to an age-old, paper problem.

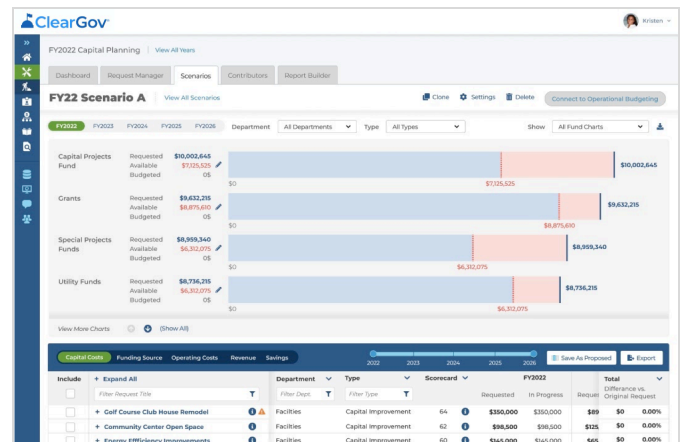
- **Digitize your requests:** Save some trees with a simple online form that captures and submits requests electronically.
- **Customize your form(s):** Easily customize the default templates with a few simple clicks to precisely fit your needs and preferences. Create as many different form types as you need.
- **Automate your workflow:** Initiate, collect, track, and manage all your requests online, even set triggered reminders for department heads.
- **Digital audit trail:** Your department heads can easily attach pictures, PDFs, and other supplemental materials to their digital request form. These materials travel with the request, so they're always just a click away.
- **View capital requests at a glance:** Report and review requests by department, funding source, fiscal year, and more — all from an intuitive dashboard.



Scenario Planning

All capital request data is automatically integrated into the Scenarios functionality. Powerful but simple tools enable you to easily and visually identify how your expected funding matches up against all of the requests. Scenarios makes it point-and-click easy to examine multiple scenarios to help you make insightful decisions about which projects you need and can afford to fund.

- **Unlimited Scenarios:** Easily create, analyze and compare multiple scenario plans to propose and optimize your capital budget - both near and long term.
- **Scoring and Ranking:** Assign priorities and ratings to each project based on how they directly impact your key strategic initiatives.
- **Shift Funding Assumptions:** Can't afford to completely fund a project in one year...no problem. ClearGov Capital Budgeting enables you to spread funding assumptions across multiple years and explore multi-year what-if scenarios.

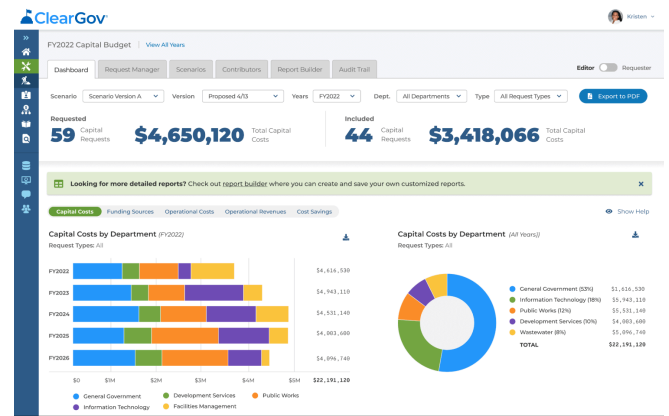




Capital Budgeting Dashboard

The Capital Budgeting dashboard centralizes everything you need to plan and present your budget and provide deeper insight into capital requests. Use filters to visualize the data from multiple angles while you review capital costs, funding sources, operational costs, cost savings and project revenue.

- **Robust Filtering:** Immediately see the impact of capital requests on your budget from multiple angles. Filter your dashboard by department, year, request type and more.
- **Auto-generated graphs:** View your capital budget data with auto-generated charts that can be downloaded instantly to be used in presentations or shared with stakeholders.
- **Analyze Requests:** Easily click on a request to drill down into the details to see pictures, attachments and a cost breakdown.



Why does the City need this?

- **It's so much more efficient:** The sooner you automate out-dated manual processes, the more efficiently you can govern. Once you streamline the tedious task of organizing your capital requests, you'll have more time and energy to invest in one of the most critical components of good governance — strategic planning.
- **Eliminate the paper chase:** Instead of chasing down paper requests and slogging through the data entry process, you can kick off each new request cycle with a click.
- **Critical insights:** Leverage scenario planning to understand the true impact of key capital projects in both the short term and over time.
- **Shine a spotlight on community development:** A good chunk of every tax dollar funds important CIPs in your community — things like new construction, improvements to infrastructure, and other key initiatives. Keep residents (and the press) informed about the issues they care about most.
- **Synchronized budgeting:** ClearGov's Capital Budgeting syncs directly with ClearGov Operational Budgeting to further streamline your overall annual budgeting process. Capital Budgeting also syncs with and automatically generates a capital request summary with detail pages for each department/request for your ClearGov Digital Budget Book.

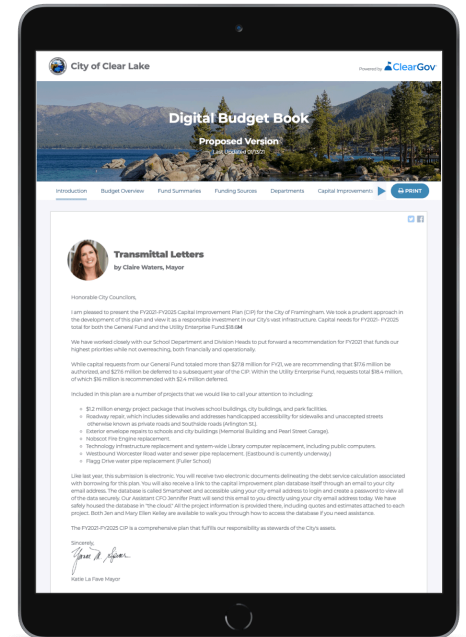
Digital Budget Book (Optional)

Build an Award-Winning Budget Book in a Fraction of the Time

The annual budget book is your most important, public-facing policy document. You want it to be polished, professionally formatted, and accessible to as many residents and stakeholders as possible. And, ideally, you want it to be easy and efficient to produce on your end.

ClearGov Digital Budget Book is the industry's first website-based solution that automates most of the budget book creation process using templates and data-driven charts and tables. Meet GFOA award criteria and deliver new levels of clarity, engagement and understanding for your citizens.

[Watch a 5 minute micro-demo here](#)



✓ Automated Fund Summaries

✓ Capital Improvements Inclusion

✓ Department Specific Pages

✓ Automatic Data Updates

✓ Collaborate and Customize

✓ Automated Workflows

✓ Built-in GFOA Best Practices

✓ And more...



*"We are proud to have won a GFOA award for our latest budget book that we created with ClearGov's Digital Budget Book. One GFOA reviewer even gave us an **Outstanding** rating for Document-wide Criteria and noted: 'The new software they have implemented is great. Graphics, charts, formatting: all exceptional. Outstanding as a communication device.' We are thankful to ClearGov for all of their support throughout the process."*

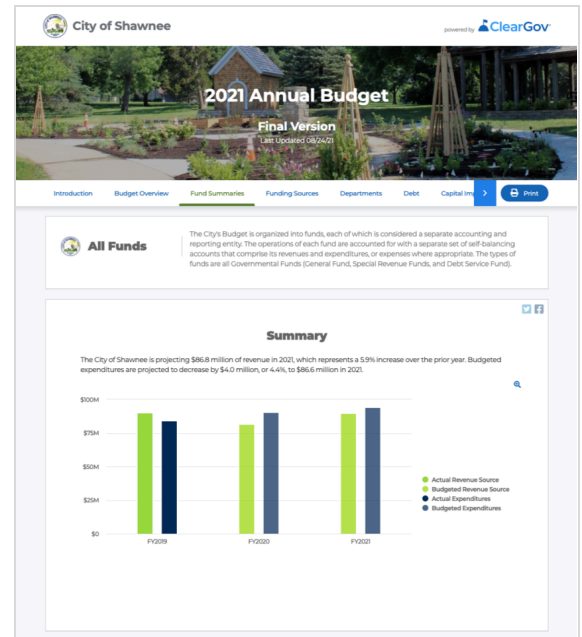
Janet Holman
Financial System Manager
Montgomery County, OH



Budget Book Builder

The Budget Book Builder module helps you produce an interactive and engaging budget book in a fraction of the time it takes today. Instead of manually building your book in a clunky document editor, you build it collaboratively using simple web apps that streamline the steps from start to publish.

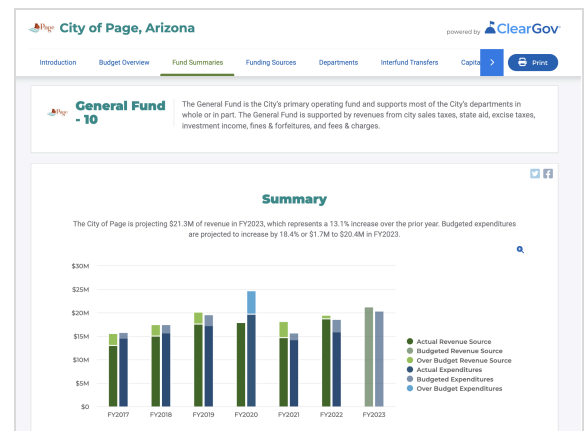
- **Prepopulated and preformatted:** Start with a core framework that includes all of your pre-loaded budget data with integrated, pre-built charts
- **Smarter workflow:** Collaborate and work faster to add your narrative with fewer headaches
- **Highly customizable:** Add images, choose chart colors, and select styles to reflect your civic brand.
- **Better end product:** Produce a polished piece that is ADA-Optimized and built from the ground up to meet GFOA best practices



Auto-generated Charts, Graphs and More

ClearGov automatically generates charts, graphs, and Fund Summary pages using your budget data - giving you a profound head start in content creation.

- **Page creation:** Fund Summary pages are pre-built with easy-to-edit template panels. Simply add narrative to the panels to tell your story.
- **Pre-populated:** Fund Summary pages are pre-populated with revenue, expense, and historical data so you don't have to enter it manually.
- **Auto-generated graphs:** Pages include compelling, colorful graphs to complement the data and to help visualize the numbers for each section of your budget. All your graphs and data are auto-updated if you change the numbers.
- **Auto-translate:** Built-in Google Translate functionality will automatically translate your budget book narrative into Spanish, French, Portuguese or more than 100 other languages.



Digital Budget Book Examples

Check just a few of the outstanding Digital Budget Books created using the ClearGov solution:

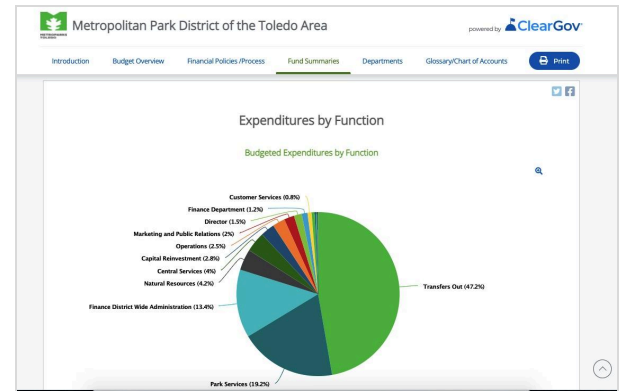
- [El Mirage, AZ Digital Budget Book](#)
- [Shawnee, KS Digital Budget Book](#)
- [Yuma County, AZ Digital Budget Book](#)
- [Sussex County, DE Digital Budget Book](#)
- [City of Bristol, CT Digital Budget Book](#)



Automatic Data Updates

Revenue and expense data are automatically updated throughout your Digital Budget Book as the numbers change, eliminating errors and saving time - especially valuable for those inevitable last-minute tweaks.

- **Embedded Data:** Easily embed budget numbers into your narrative. Embedded numbers automatically update whenever your budget changes. No more searching through 300 pages.
- **Smart Charts:** All charts and graphs also update automatically, and they're interactive to help provide a complete picture of your budget.
- **Integrated Budget:** Syncs directly with ClearGov Operational Budgeting or upload your budget data into an integrated, intuitive budget editor.



Why does the City need this?

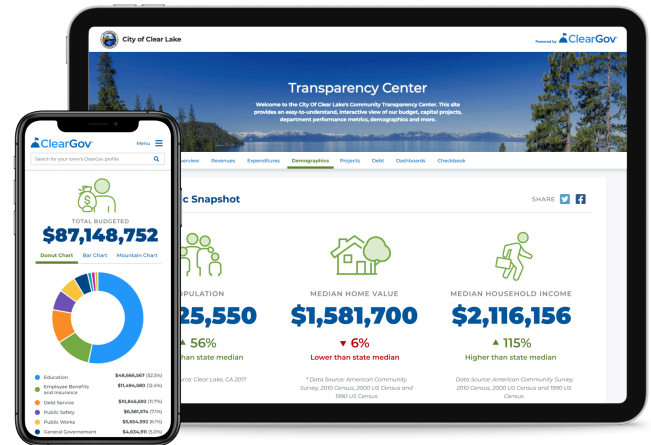
- **The short-cut you always wanted:** One simple click generates a fully formatted framework that's automatically populated with your financial data, along with pre-built charts, tables and graphs, and even some pre-written content. You simply fill in the blanks and customize the content as you see fit.
- **Improve accuracy:** The more spreadsheets you manage and papers you shuffle, the greater the margin of error. ClearGov's digital-first approach is automated, templated, and paperless so you can stop manually collecting, merging, and managing all that input from dozens of department heads.
- **You save time and aggravation:** Recreating charts, tables, and graphs from spreadsheets every time a figure changes is not only tedious, it's inefficient. With ClearGov, every time you change a number in your budget, all of the applicable charts, tables and graphs are updated automatically.
- **Print on demand:** Printing a budget book is expensive and often out of date before the ink dries. ClearGov enables you and your citizens to print specific sections or the entire budget book whenever you like - which saves both time and money.
- **GFOA kudos:** ClearGov's Digital Budget Book is structured to meet GFOA best practice guidelines. In fact, there is a GFOA checklist built right in, so you can check off each Distinguished Budget Award Presentation requirement as you complete it.

Transparency (Optional)

Tell Your Story

Tell your financial story using our simple-to-navigate transparency center. Easy-to-understand infographics help you share financial information, departmental goals and results in a way that informs and engages your community.

ClearGov Transparency is a suite of cloud-based solutions designed to remove the static from your communications efforts, so you can keep your community in the loop with the solid work you and your team are doing. With innovative, turnkey transparency profiles, project pages and department dashboards ClearGov Transparency helps you tell your story and show your work.



[Watch a 5 minute micro-demo here](#)

✓ **Fiscal Transparency**

✓ **Open Checkbook**

✓ **Department Dashboards**

✓ **Performance Metrics**

✓ **Peer Comparison**

✓ **Capital Project Pages**

✓ **Custom Chart Builder**

✓ **And more...**



"We have received nothing but positive feedback from the public on our new ClearGov Transparency profile. It has helped us communicate our financials in a user-friendly and interactive way."

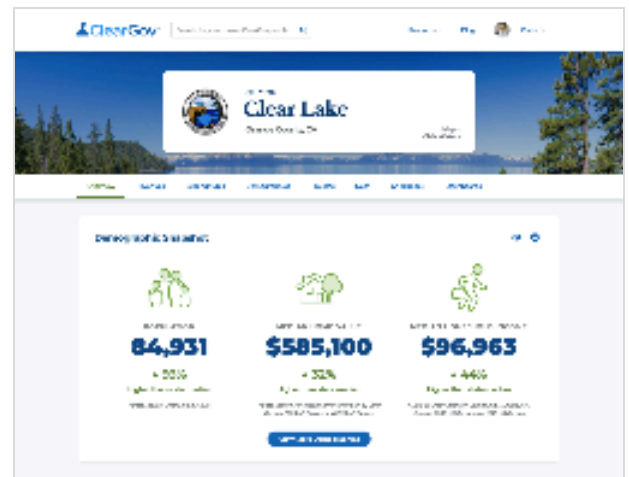
John Frye
Financial Services Director
Pinehurst, NC
Population: 15,580



Financial Transparency

Build community trust and support by publishing your financial data in an online profile that's feature-rich, easy to use, and easy to understand. It's an instant best-in-class transparency center that's miles ahead of the usual complex spreadsheets and static PDFs.

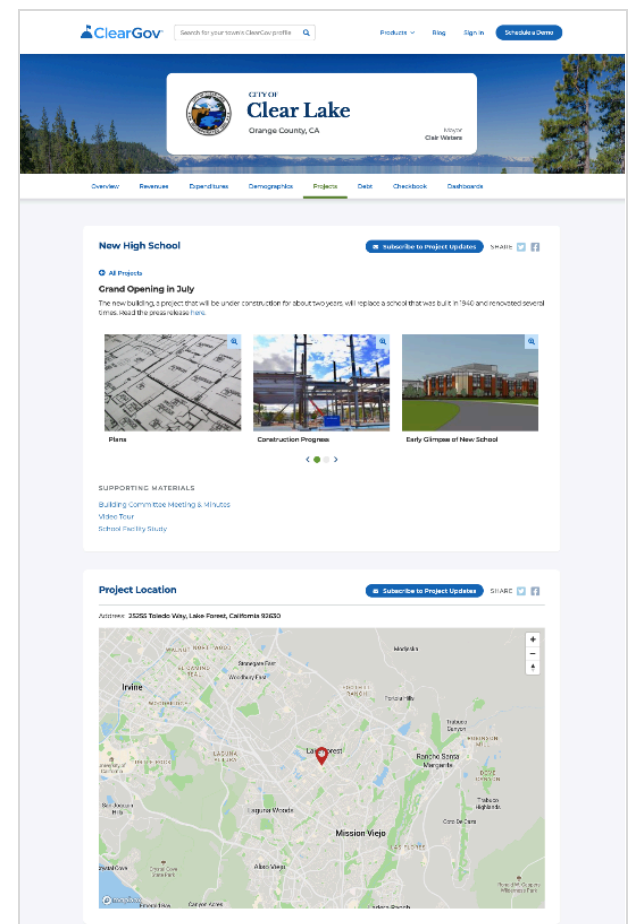
- **Easy-to-understand infographic format:** Help citizens and other stakeholders easily visualize and interpret important metrics.
- **Context features that make transparency meaningful:** Add explanatory notes that tell the story behind the numbers. Allow users to compare data side-by-side with similar communities near you.
- **Budget vs. actuals:** Clearly show how funds are collected and allocated. Reveal trends by showing historical data as well.
- **Open checkbook:** If desired, you can provide searchable, check-level detail revealing line-item spend.



Capital Project Communications

Keep citizens in the loop with key data and updates about all of your key projects. Project Pages take only minutes to populate and allow you to share photos, timelines, funding sources, and more — all in one centralized location. If you're also using ClearGov Capital Budgeting you can publish capital requests from department heads directly to project pages in just one click.

- **Share project finances:** Post your project's budget, funding sources and track expenditures along the way.
- **Share images:** Bring your project's story to life by posting photos and architectural renderings.
- **Allow citizens to subscribe:** Visitors to your Project Pages can subscribe to receive automatic email updates every time you make a change.
- **Collect citizen feedback:** Invite visitors to ask questions or post comments in a moderated forum that you control.



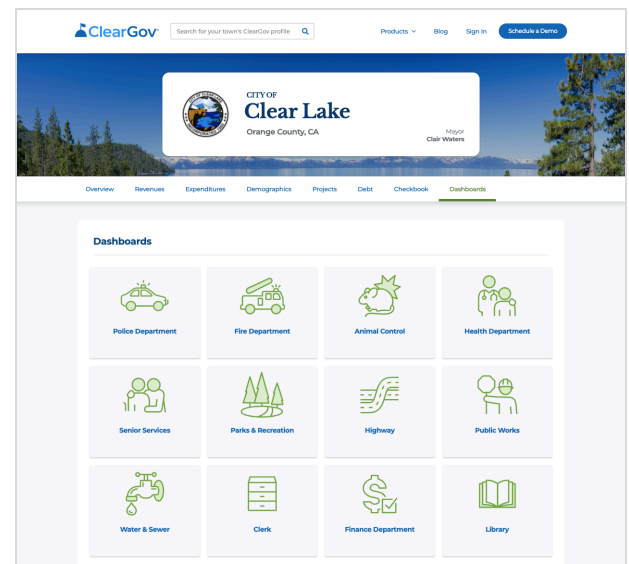


Department Dashboards

Tell your organization's whole story by publishing updates detailing department-level performance metrics. Showcase KPIs for any and all departments, from animal control to the zoning board.

ClearGov Department Dashboards are extremely flexible and point-and-click easy to assemble. You can use Department Dashboards to display any metric you like. Plus, the ClearGov solution makes sure that your data is presented in a way that's easy for your residents to interpret and understand.

- **Customize:** Display department-specific KPIs. Add the department head's name, title, picture, and a brief intro letter.
- **Create panels:** Select the appropriate template for each section you want to display. If you like, add commentary or explanatory text.
- **Add charts:** Pull in existing graphics from the ClearGov Chart Builder App or easily create new ones specific to your dashboard.



Why does Brea need this?

- **Drive community support:** By sharing critical facts and figures with citizens, you can foster a climate of trust and understanding that helps drive public support for key initiatives.
- **Dispel public misconceptions:** MIT research shows that false news travels faster, farther, and deeper than true news, particularly through social media. In the age of misinformation, readily accessible and easily understood facts are your best defense against public misconceptions.
- **Reduce inquiries:** Research by the Sunlight Foundation indicates that municipal transparency programs reduce citizen information requests by 30 percent. The more data you share with constituents now, and the clearer you make it, the fewer inquiries and record requests you'll field on an ongoing basis.
- **Promote value:** Where else can the average citizen go to find out about police response times or annual fundraising efforts? Department Dashboards let every division tell its own unique story.
- **Hold departments accountable:** They say that what gets measured is what gets done. ClearGov dashboards are a simple and effective way to track department performance against goals and to promote a culture of performance and transparency agency-wide.
- **Shine a spotlight on community development:** A good chunk of every tax dollar funds important CIPs in your community — things like new construction, improvements to infrastructure, and other key initiatives. Keep residents (and the press) informed about the issues they care about most.

In the interest of transparency, we want to provide guidance around the scope of usage that is included with each ClearGov solution. The tables below do not provide a detailed list of every feature and/or function included in the product. These tables provide a summary of the key things that you can do with each solution once your account has been activated.



ClearGov Personnel Budgeting - Product Scope

Once you have uploaded your position and personnel data, ClearGov Personnel Budgeting enables City team members to execute a variety of tasks, as outlined in the table below. ClearGov products are designed to be easy to use and intuitive, and with the training we provide, you should have all the expertise you need to fully leverage the platform.

Description	In Scope
Personnel Request Forms: Create forms for your contributors to submit personnel requests.	Unlimited personnel request forms
Personnel Data Import: Import personnel and position data into your personnel plan.	Unlimited positions and personnel
Personnel Scenario Planning: Input and adjust key rules and assumptions to create and analyze personnel budget scenarios.	Unlimited scenario planning



ClearGov Operational Budgeting (Optional) - Product Scope

Once your data has been onboarded, ClearGov Operational Budgeting enables City team members to execute a variety of tasks, as outlined in the table below. ClearGov products are designed to be easy to use and intuitive, and with the training we provide, you should have all the expertise you need to fully leverage the platform.

Service Description	In Scope
Create Forecasts: Auto generate one or more forecasts for each of your funds. Modify forecasts based on what-if scenarios adjust parameters as needed.	Unlimited forecasts
Create Budgets: Create one or more budgets for each of your applicable funds. Invite collaborators, iteratively build the budget and share with reviewers.	Unlimited budgets
Export Budgets to ERP: Export your final budget(s) from ClearGov in order to import directly into your accounting system / ERP. NOTE: Depending on your ERP, your export file may require formatting prior to import.	Export Format:Excel; .CSV file



ClearGov Capital Budgeting (Optional) - Product Scope

Once your subscription is activated, ClearGov Capital Budgeting enables City team members to execute a variety of tasks, as outlined in the table below. ClearGov products are designed to be easy to use and intuitive, and with the training we provide, you should have all the expertise you need to fully leverage the platform.

Description	In Scope
Capital Request Forms: Create forms for your contributors to submit capital requests.	Unlimited capital request forms
Capital Request Imports: Import existing capital requests to your capital plan and/or present in your budget book.	Unlimited capital requests
Capital Scenario Planning: Input and adjust capital funding assumptions to create and analyze capital budget scenarios.	Unlimited scenario planning



ClearGov Digital Budget Book (Optional) - Product Scope

Once your data has been onboarded, ClearGov Digital Budget Book enables City team members to execute a variety of tasks, as outlined in the table below. The ClearGov training programs and your CSM will provide advice and suggest best practices to help you optimize your own Digital Budget Book.

Description	In Scope
Digital Budget Books: Create comprehensive digital budget books based on onboarded budget data and the narrative added by you.	Unlimited Digital Budget Book versions
Digital Budget Book Pages: Fill out templated sections of your budget book using ClearGov's toolset and GFOA guidelines embedded in the product, and/or create new pages with your own content, images, tables, etc. as needed.	Unlimited pages
Printed Budget Books: ClearGov's Digital Budget Book solution includes print to .PDF functionality. It automatically creates .PDF documents of the full budget book or selected sections.	Unlimited



ClearGov Transparency (Optional) - Product Scope

Once your data has been onboarded, ClearGov Transparency enables City team members to execute a variety of tasks, as outlined in the table below. The ClearGov training programs and your Client Success Manager will provide advice and suggest best practices to help you optimize your ClearGov Transparency implementation.

Description	In Scope
Project Pages: Create and publish website-based Project Pages to communicate capital projects and other community projects. Share project status, milestones, timeline, budget and other updates with your constituents.	Unlimited Project Pages
Department Dashboards: Using ClearGov's easy to learn and intuitive toolset, including custom charting, you can create Department Dashboards to communicate key performance metrics to your constituents.	Unlimited Department Dashboards

<p>Transparency Profile Launch: Promote your transparency profile to residents through a press release, your website and social media.</p>	<p>ClearGov provides a release template and a customer banner for your Website.</p>
<p>Data Updates: You may regularly update your financial data at your discretion by sending new files to ClearGov. For example, you may post current FY budget and update periodically with actual spending.</p>	<p>You may provide monthly, quarterly (recommended) or annual updates for budget data. Open Checkbook data can be uploaded weekly.</p>

Personnel Budgeting Questions

Q: We have a lot of employees, can we upload their data in bulk?

- A: Yes, it is easy to bulk import employees into our system. ClearGov generates a template that you can download and use to set up a simple bulk import of employees and information.

Q: Can we export the final Personnel Budget that we create?

- A: Yes, once you've created your budget, you can choose any combination of data to export to Excel and then import this directly into your ERP/Accounting system.

Operational Budgeting Questions

Q: With ClearGov's benchmarking intelligence module, how do we know we are comparing "apples to apples"?

- A: ClearGov consolidates and normalizes the fiscal data for all of the municipalities within your state into a standardized national chart of accounts in order to enable a direct apples-to-apples comparison. ClearGov also enables you to select the filter criteria that are most important to the comparison you're trying to make. For example, if you're comparing snow removal costs, you want towns with similar road miles, whereas if you're comparing public safety costs, you'll likely use population and average household income as your filters.

Q: Can I export from ClearGov Operational Budgeting into my ERP system?

- A: Yes, once you've created your budget, you can choose any combination of data to export to Excel and then import this directly into your ERP system.

Capital Budgeting Questions

Q: Are requests from the prior year carried over when you create a new budget?

- A: Yes, previously submitted requests (multi-year, partially funded or unfunded) from the prior year will be carried over to the new capital planning process. Any prior year requests that you do not want to include can be removed from the plan after you've started.

Q: Can we import prior year's requests?

- A: Yes, it is easy to import prior year's requests. Within ClearGov Capital Budgeting, you can download a template based on your request type. You simply add your requests to the template and upload them to ClearGov. Our Import tool has an easy 3-step guide to walk you through the process.

Q: Can we export the final Capital Budget that we create?

- A: Yes, you can export your Capital Budget to Excel or PDF. ClearGov's Capital Budgeting Report Builder serves up a handful of pre-built, common reports to streamline your reporting process, or you can create your own reports to export. Exported data can be uploaded to your ERP or accounting system.

Digital Budget Book Questions

Q: Since the product is template-driven, won't every ClearGov Digital Budget Book look the same?

- A: No. While every ClearGov Digital Budget Book starts with the same core template, it's highly and easily customizable, so the final product will always be different. You can add your own images, chart colors, and endless content to make it your own.

Q: Can you guarantee that we will win a GFOA award?

- A: As we have designed and built the ClearGov Digital Budget Book, we have double-checked the GFOA guidelines every step of the way. We have also actively reviewed the solution with GFOA reviewers and members of the GFOA staff. With that said, we cannot guarantee that you will win an award, in part, because the narrative content is still up to you. In other words, all of the core components are included, but you still need to fill in the blanks in a way that meets with GFOA approval.

Q: I understand the benefits of digital, but I still need to produce a printed version. How will that work?

- A: You're not alone. Old habits die hard and paper is still a must-have for many local governments. In addition to presenting your budget book online, the ClearGov Digital Budget Book Suite includes functionality that enables users to create a .PDF, which can then be printed to generate a hard-copy of your budget book. Also, the Print-to-PDF functionality enables you to print specific sections of your budget book and/or the entire book.

Transparency Questions

Q: Where does ClearGov get its financial data?

- A: ClearGov sources its financial data from various entities including state departments of revenue; state education departments; etc. ClearGov also compiles complementary data, such as demographic information, home values, road miles, etc. from various public sources including the U.S. Census Bureau.

Q: How does ClearGov determine the default peer group for peer analysis?

- A: ClearGov uses four primary factors to create the ClearGov Default peer Group for each municipality:
 1. ClearGov looks for municipalities with similar populations.
 2. ClearGov looks for municipalities with similar median home values as determined by census data.
 3. ClearGov looks for municipalities with similar commercial assessments to differentiate between rural and urban municipalities.
 4. ClearGov dynamically searches for the closest ten municipalities that meet population, median home values and commercial assessment deviations. The figures from these municipalities are combined to create a peer average.
- **NOTE:** As a ClearGov Transparency customer, you will have the opportunity to create and publish your own custom peer groups, based on whatever criteria is most important to you.

Q: Won't publishing a transparency profile generate a lot of incoming inquiries?

- A: On the contrary, our customers find that a ClearGov profile helps the community find the answers they seek more easily and consistently. Plus, you can add commentary that tells the story behind your numbers and provides additional context.
- Prior to launch you will want to identify the components of your data that would benefit from some additional context. ClearGov enables you to add commentary to these sections of the profile which will actually reduce the number of inbound public information requests.

- Finally, if you do get an influx of inquiries, you will generally find a consistent pattern to the questions. So, you can use those questions to inform and further enhance your commentary.

Q: What about inciting “community activists”?

- A: It seems that every municipality has a small population of what we call “CAVE People” (**Citizens Against Virtually Everything**), and unfortunately, we don't have a direct solution for that. However, a large portion of the most aggressive community activism is generally caused by a misinterpretation of the facts, or simply taking the facts out of context. We have found that ClearGov can drastically change both the tone and substance of the conversation by showing that your local government has nothing to hide, and by delivering not just data, but the stories behind the numbers to help everyone have a more informed and empirically accurate conversation.

Technical: Approach & Proposed Schedule

Overview

The ClearGov onboarding process is designed to activate and set up your ClearGov solution. We have designed the process to be as straightforward as possible. Yes - there are some things you'll have to do, but the effort is likely to be much less than other software implementations you have experienced in the past. With your specific goals and budget timeline in mind, your Implementation Manager will develop a plan and guide you through what needs to be done to get you and your team up and running. The Implementation Manager will work with you and ClearGov's internal experts to achieve onboarding milestones.



"From the first meeting to finalizing the budget, it really was a remarkable experience. While the product is truly great, it wouldn't have been so successful if it weren't for the ClearGov team! The customer service has been phenomenal."

Tiffany Barnett
Accounting Manager
Hemet, CA

Roles & Responsibilities

Effectively and efficiently completing the onboarding process requires a small group of people - from both ClearGov and the City of Brea - with specific roles and responsibilities, as follows. NOTE: For some customers, one person may play multiple roles.

City Team

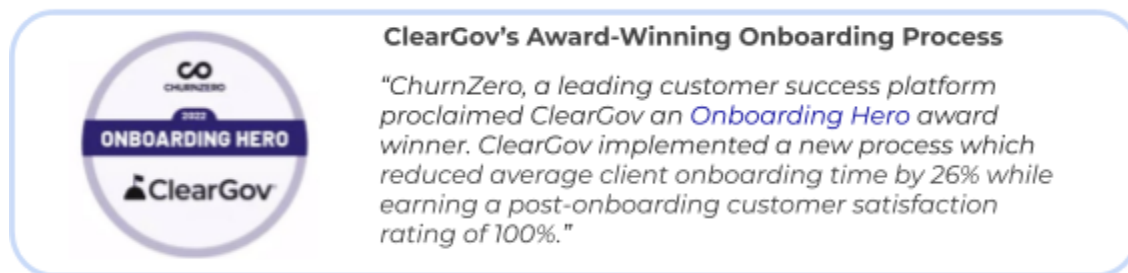
- **Executive Sponsor:** Champions the implementation and rollout of ClearGov inside the City. Removes roadblocks and acts as the escalation point if the onboarding process stalls.
- **Primary Contact:** Go-to person at the City who is the main liaison with ClearGov's Implementation Manager. Responsible for scheduling meetings and ensuring the right people from the organization attend.
- **Data Exporter:** The person responsible for exporting financial data from your ERP / Accounting System and providing Account ID structure information.
- **Data Reviewer:** The person responsible for reviewing and approving data maps and how your data displays within the ClearGov platform.

ClearGov Team

- **Implementation Manager (IM):** Overall Project Manager for onboarding. Responsible for driving meetings as required and guiding you through the onboarding process. Ensures alignment with what needs to be done and who needs to do it.
- **Sr. Data Advisor:** ClearGov's full-service Data Advisor team is made up of **former local government finance officials**, so they have been in your shoes. Your Sr. Data Advisor is

responsible for uploading and categorizing your financial data. They will work closely with the Data Reviewer to complete data mapping.

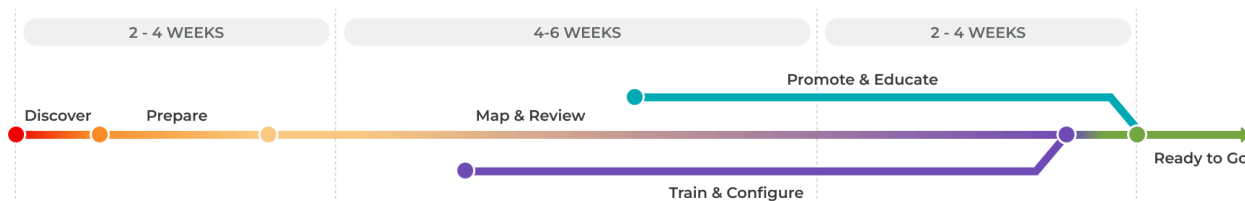
- **Training & Enablement Specialist:** A ClearGov team member who is deeply familiar with ClearGov products and has developed on-demand educational material available in ClearGov's Support Center. This person will lead training workshops as necessary for users.
- **Client Success Manager (CSM):** Your Client Success Manager is responsible for making sure you achieve your objectives and have ongoing success using the ClearGov platform.
- **ClearGov Support Team (support@cleargov.com):** Everyone on this team understands how ClearGov products work and can answer questions to help you complete a task. The ClearGov Support team is available for technical assistance for all ClearGov customers.
- **ClearGov Data Team (data@cleargov.com):** The ClearGov Data Team is responsible for adding new or updating existing data after the initial onboarding is complete. NOTE: **Most members of our Data Team are former financial officials as well.**



Data Onboarding Timeline

We have successfully onboarded over a thousand customers, so we know that different organizations have different objectives and deadlines. Some of our customers want/need to implement as quickly as possible and make ClearGov their #1 priority. Other customers take a more relaxed approach and fit ClearGov in among other projects. As a result, the onboarding process typically stretches across 60 - 90 days, which allows enough time for us to collaborate and complete the important tasks mentioned in the next section.

Typical Onboarding Timeline



IMPORTANT - Meeting Your Deadline: We are happy to work at whatever pace fits your needs, and we recognize that in certain circumstances, you may require an expedited onboarding process. If you have a specific deadline in mind, please inform your Solutions Advisor or Implementation Manager as soon as possible. We will do our best to meet your deadline (we don't miss many of them), and we'll let you know exactly what we need from you - and when - in order to hit your objective.

Data Onboarding Phases & Tasks

The onboarding process has six phases, as outlined below. Some of these phases overlap and can occur concurrently to reduce the duration of onboarding. Furthermore, once your product subscriptions are activated you are able to use the product(s) immediately to complete various setup & configuration tasks while your general ledger data is being uploaded and mapped.

Phase 1: Discover

The Discover phase is the initial period when you and ClearGov develop a shared understanding of your goals, specific data requirements & structure, budget cycle timeline, and onboarding plan. Depending upon schedules and availability, the Discover phase - in conjunction with the Prepare phase - usually lasts 2 to 4 weeks, starting when you sign the ClearGov service order and your Solutions Advisor connects you with your Implementation Manager.

The key objectives during the Discover phase include:

- **Share Goals:** During the Kickoff call, your Implementation Manager will review and verify the goals you discussed with the Solutions Advisor during the sales process.
- **Confirm Key Milestones & Dates:** This information will be used as input to the onboarding project plan and to ensure that everyone has common expectations.
- **Define Launch Requirements:** The Implementation Manager will guide you through exactly what needs to be completed prior to launching ClearGov applications.

Task	Responsibility	Notes
Product subscription activation	ClearGov	ClearGov will activate your subscription in accordance with the Start Date listed in your Service Order. ClearGov will create your Client Admin user, who can then access the platform and add additional (unlimited) users as necessary.
Kickoff & Data Discovery calls	ClearGov & Client	<p>The IM will schedule two separate 30 - 60 minute Zoom sessions with your team.</p> <p>The first call is to discuss key objectives and the timeline for onboarding. Your Primary Contact along with anyone else who would like to be involved should attend this meeting.</p> <p>The second is with a ClearGov Sr. Data Advisor to understand your financial data and collect information for categorizing that data. Your Primary Contact, Data Exporter, and Data Reviewer should attend this meeting.</p>
Complete Implementation Worksheet	ClearGov & Client	The IM will share a worksheet with a few questions to help us better understand your specific needs and timeline.
Assemble teams and resources	ClearGov & Client	Identify and assemble the necessary individuals - on both teams - to participate in onboarding.
Create project plan with timeline	ClearGov	The IM will develop the timeline and project plans and will review these with your Primary Contact.

Phase 2: Prepare

The Prepare phase focuses mainly on helping ClearGov understand how you categorize your financial data and what changes may be necessary in order to display data the way you prefer within the ClearGov platform. During the Prepare phase, we will ask you to export financial data from your ERP or accounting system and provide information on your account code structure.

Task	Responsibility	Notes
Data Onboarding learning path	Client	We will share material to help you understand the ClearGov data onboarding requirements, as well as how certain choices will affect how your data can be displayed within the ClearGov platform.

Scope data implementation	ClearGov	We will ask you to verify how many years of historical data you wish to include in the platform along with which budget and actual versions you want to onboard.
Export Financial Data	Client	We will ask you to export financial data from your ERP / accounting system, and we will provide data format requirements.
Provide mapping information	Client	We will ask you to provide guidance about how to categorize line items based on the structure of your Account IDs, i.e. help us understand your Account ID segment codes.
Review and clarify data	ClearGov	ClearGov will review your data files let you know if we have clarifying questions.

Phase 3: Map & Review

ClearGov offers a full-service data onboarding process that includes formatting, uploading, and mapping your financial (i.e. general ledger revenue and expense) data. This is the most important step of the onboarding process because that data is what enables the full use of our budgeting applications. The Sr. Data Advisor will complete the onboarding work while relying on you to provide a complete set of data files and your feedback along the way. We will need you to attend a few calls, review the mapping and provide timely feedback. It is our goal to make sure your financial data is presented through the ClearGov applications in the way you want.

Task	Responsibility	Notes
Upload and map financial data	ClearGov	ClearGov full-service data onboarding includes formatting and uploading your financial (revenue and expense) data and mapping each line item into categories such as fund, department, revenue source, objects, etc.
Review initial mapping	ClearGov & Client	We will review your initial mapping in a Mapping Review call and develop a strategy for you to provide feedback.
Provide feedback and iterate initial mapping	ClearGov & Client	If necessary, we will create a mapping feedback form for you to fill out and return to us. We will make mapping revisions based on your feedback.
Review mapping in-product	ClearGov & Client	We will review how data flows into key product areas and how you can change how your data looks using product settings. If no initial mapping revisions are required, this process can happen in the initial Mapping Review call.
Product-specific settings	ClearGov & Client	During the in-product review, we will discuss how specific product settings can impact the presentation of your data, e.g. Digital Budget Book best practices for creating department pages with a consistent look.

Phase 4: Train & Configure

Administrators can begin learning how to use ClearGov as well as configure application settings while your data is being mapped. We have developed comprehensive courses that provide you with step-by-step instructions on how to configure ClearGov. Your IM will recommend a custom learning path based on the products you have purchased.

Task	Responsibility	Notes
Administrators & editors begin learning path and	ClearGov & Client	Your IM will recommend and enroll you in ClearGov Academy courses to help you meet your goals. Courses are broken down into a variety of product-specific educational

explore help resources		elements (e.g. videos, articles, quizzes) for easy consumption. Login to ClearGov Academy and begin your learning path, and log in to ClearGov and explore our Support Center resources.
Admin & Editor Workshops	ClearGov & Client	Schedule and complete product workshops, as required. (See note below for additional details.) This is custom, instructor led training, so please come prepared with specific workflow questions.
Configure applications	Client	Complete configurations in selected applications, including adding non-general ledger data, e.g. capital requests and employee information. See below for an outline of application-specific configurations that you can utilize to customize your ClearGov experience. Your IM will provide you with guidance and best practices on how to utilize these configurations.
Add users to the system	Client	In the User Management application, add all potential users to the system. Adding all users here makes it easy to select the appropriate people when it comes time to request budget input and review from your team.

ClearGov Workshops Overview

ClearGov's products are designed to be easy to use and our learning resources are robust. As a result, you may not need a Workshop for all products. If you want one, here are our guidelines:

- ClearGov will provide a Workshop for each product in your subscription.
- ClearGov Workshops may be attended by both Administrators and Editors.
- ClearGov Workshops are designed to answer your specific questions about how to use ClearGov's solutions to meet your specific needs. Therefore, it is **highly recommended that you complete the ClearGov Academy courses prior to attending a ClearGov Workshop.**
- All Workshops are recorded for your ongoing reference and team access.

Phase 5: Promote & Educate

ClearGov products are built to foster collaboration during the budget development process. So, we want to make sure your entire team knows how to get the most from our platform.

Task	Responsibility	Notes
Introduce ClearGov to colleagues	ClearGov & Client	Your IM will work with you to customize materials (email messaging and supporting materials) to send to key stakeholders in your organization.
Department Heads complete learning paths	Client	Your IM will recommend ClearGov Academy courses for your Department Heads and other users of ClearGov based on the products included in your subscription. Your IM will also recommend other resources available through our learning center to ensure your Department Heads are set up for success with ClearGov.
Department Head Workshop	ClearGov & Client	Schedule and complete product workshops, as required. (See note above for additional details.) This is custom, instructor led training, so please come prepared with specific workflow questions.

Phase 6: Ready to Go

With your onboarding process complete, the City's team will be well-prepared to build and present your budget. At this point, your Implementation Manager will introduce your ClearGov Client Success Team, including your Client Success Manager, who will provide ongoing support.

Task	Responsibility	Notes
Client Success Manager assigned	ClearGov	ClearGov will assign a dedicated Client Success Manager (CSM). Your CSM will become your primary point of contact to provide coaching, share best practices, and ensure continued success with your ClearGov platform.
Post-Onboarding Review call	ClearGov & Client	Your IM will coordinate a call with your new CSM and your Primary Contact to do a final review of any outstanding onboarding tasks as well as to gather your feedback to highlight if any part of the process could have been executed better.
Communicate Support & Data Request process	ClearGov	Your IM will provide instructions on how to contact our Support Team if you have questions or run into a technical issue as well as instructions on how to submit data uploads or modification requests to the Data Team.

Application-Specific Configuration

Below is a summary of the key elements that can be configured by the Client for each applicable ClearGov product. Product configuration is your opportunity to customize the ClearGov application to your specific needs and preferences. We have done our best to make each process as intuitive as possible, and we'll be there to show you how, if you have questions.

Personnel Budgeting

- **Data Model Manager:** To create an accurate personnel budget, you will need to enter key data into the Personnel Budgeting Data Model. NOTE: This is different from the financial data that ClearGov will onboard and map for you. The recommended configuration process includes:
 - **Units:** Add Units to group your employees. Units are often affiliated with a union or collective bargaining unit.
 - **Wage Schedules:** Establish Wage Schedules to account for all job types, unit affiliation, salaries, etc.
 - **Additional Pay & Benefits:** Add Additional Pay and Benefits details, such as healthcare, overtime, etc. for each job type.
- **Employees:** Once the Data Model has been configured, you can import specific employee information - both for existing employees and planned hires.
- **Contributors:** Assign individual users to the Personnel Budgeting product to enable them to submit Personnel Requests.

Operational Budgeting (Optional)

- **Contributors:** Assign budget categories and line items to applicable department heads to kick-off your annual budget request process.
- **Reviewers:** Assign and give review access to key stakeholders, i.e. board members, finance committee, etc.

Capital Budgeting (Optional)

- **Capital Request Forms:** You can customize the existing ClearGov capital request templates and/or create your own.
- **Scorecard Settings:** You can modify the default Capital Budgeting scorecard settings to help you prioritize capital projects.
- **Contributors:** Assign individual users to the Capital Budgeting product to enable them to submit Capital Requests.

Digital Budget Book (Optional)

- **Budget Book Design:** Utilize the point-and-click Digital Budget Book Settings to configure the look and feel of your budget book to meet your needs and preferences.

- **Contributors:** Assign specific budget book sections to contributors for collaboration and editing.

Transparency (Optional)

- **Transparency Center Design:** Customize your Transparency Center look and feel by uploading a background image, adding your logo/seal, etc.
- **Department Dashboards:** Create and configure key performance metric dashboards for any applicable department(s).
- **Project Pages:** Create and configure project pages and provide project updates, as necessary.

Data Requirements

ClearGov's Onboarding process is focused on getting your most complex data up and running on the ClearGov platform. In a nutshell, this means your financial (i.e. general ledger revenue and expense) data - both current and historical information. This data should be readily exportable from any accounting/ERP system. We have partnered with a few vendors to include an "Export to ClearGov" button in their solutions and for some others we can provide detailed export instructions. Your IM will let you know what is available based on the accounting/ERP system you use. Your IM will also provide you with a more detailed document explaining data requirements. The highlights are outlined below.

Data Onboarding Requirements by Product

Product	Chart of Accounts	Revenue & Expenditure Data		Checkbook Detail
		Actual	Budgeted	
Personnel Budgeting	✓	N/A	N/A	N/A
Operational Budgeting	✓	✓	✓	N/A
Capital Budgeting	✓	N/A	N/A	N/A
Digital Budget Book	✓	✓	✓	N/A
Transparency	✓	✓	✓	✓

Data Onboarding Detail

Actual Revenues & Expenditures

- The majority of clients sent us 4 to 6 years, however, there is no limit
- By providing more years, trend charts will be more robust
- Current FY budget data is used as the basis to create the next FY budget.

Budgeted Revenue & Expenditures

- Current and upcoming
- Past years to display budget-to-actuals (optional)

Check Level Detail (ClearGov Transparency Only, Optional)

- If you wish to use the Open Checkbook feature in ClearGov Transparency
- Your data must include check-level detail for the most recent fiscal year with as much historical data as you prefer

Line Item Detail File(s)

- Line-item level revenue and expense data. Depending on which accounting system you use, all years may be exported in one file or there may be a file created for each year.

- Each line item should include full account number, account description, fund and dollar amount. We will also need to know the associated fiscal year and if the line item is tied to revenue or expense.
- Depending upon which accounting system you're using, this is often referred to as the Trial Balance Report; Account Inquiry Report; or Budget-to-Actual Report.

Account Number Key

- This is simply an explanation of your account number structure.
- An account number is made up of segments and for each segment we need to know its purpose (i.e. whether it refers to a fund, a department, an object, etc.).
- Most accounting systems enable you to run a report to generate this information. It's often called a Segment Report or Chart of Accounts. If yours does not, just let us know. The ClearGov data team has successfully uploaded data for hundreds of clients and will work with you to determine the best options.

How much data should we provide?

In short, it depends on which product(s) you plan to use:

- **Operational Budgeting:** Should provide budgeted data for the current fiscal year and any historical budgeted/actual data you would like to be able to view/compare when you are building your next budget. NOTE: The Forecasting module uses historical data to build forecasts, so the more historical data you provide, the better your forecasts will be.
- **Digital Budget Book:** Should provide budgeted and actual data for any fiscal year that you wish to present in your digital budget, typically 3-5 years.
- **Transparency:** Provide any budgeted and actual data for fiscal years that you wish to present within your Transparency profile. Generally, we recommend presenting at least 4 years of data to be able to show trend analysis over time, but we can upload as many years as you provide.

General Questions

Q: Do we need to dedicate resources for ClearGov implementation?

- A: Ideally, we would like to have one point person on your end with whom we can coordinate logistics. We generally require no more than a few hours of that person's time for the entire setup/onboarding process. Typically, that same person is responsible for delivering regular data updates (usually quarterly) , which requires only a few minutes of their time once per quarter. (See Project Management section for more details.)

Q: Does ClearGov provide training?

- A: The ClearGov platform is designed to be simple and intuitive. With that said, ClearGov will provide whatever training you and your team need during the kick-off process. And, the ClearGov team is available for unlimited support and/or training on an ongoing basis. ClearGov also provides video tutorials, online help, and other support materials as well. (See Training and Support section included herein for more details.)

Q: How much effort is required to import our data?

- A: In short, not much. All ClearGov Solutions are designed to be turnkey and ClearGov does all of the heavy lifting for you. See Onboarding section above for more details.

Q: Can ClearGov help us communicate our finances internally?

- A: Absolutely. ClearGov is a powerful tool for not only communicating with residents, but also internal stakeholders. ClearGov can act as a central reporting platform that offers clear and easy-to-understand infographics that can be used for presentations and reports both internally and externally.

Q: How will ClearGov store our data? Is it secure?

- A: ClearGov utilizes a full suite of solutions from Amazon Web Services (AWS) to host and deliver the data for the ClearGov platform. We specifically selected AWS as our solutions provider because the AWS infrastructure puts strong safeguards in place to help secure and protect customer data. All data is stored in highly secure AWS data centers, and you can learn more about AWS security measures via the following link: <https://aws.amazon.com/security/?hp=tile>. See Security Overview section above for more details.

Q. Are there any accounting systems that are not compatible with ClearGov?

- A: The short answer is "No" — we work with everybody. We're not actually doing a direct integration with your accounting system; we just need a simple report, and every accounting system we've ever met can easily produce that report. We've worked with enough of them now that we can probably tell you which report to print, and if it's a new one, we'll help you figure out which report is right.

Q: Does ClearGov provide a real-time integration with any eFinance or ERP systems?

- A: The short answer is...No...and this is by design. ClearGov takes a different approach when it comes to integrating your data onto our platform. In short...we do the work for you. You simply send us a report from your accounting system whenever you like, and we'll upload it - and there is never any additional charge for this.
- The reason we take this approach is that system integrations sound like a good idea on paper, but in reality...they are painful, expensive and extremely difficult to maintain. The key problem is that every time the software changes on either end of the integration, the connection breaks and requires significant effort to re-integrate. In fact, that's how our competitors make a lot of their money, because they charge professional service fees every time you ask them to re-establish the integration. Bottom line, the extra costs of supporting and maintaining a real-time integrated solution far outweigh the minimal incremental benefits of real-time data transfer.

Q: Does the ClearGov platform support single sign-on functionality?

- A: Yes. ClearGov supports single sign-on functionality using Microsoft Azure Active Directory. We are happy to support other single sign-on platforms/APIs as well. Please just let us know what you need.

Technical: Training & Support

ClearGov solutions are designed to be intuitive and easy-to-use. With that said, ClearGov's training materials and support channels are designed to ensure that you and your team can successfully launch, adopt and optimize the value you receive from the ClearGov platform. We will share how to accomplish tasks, key insights and best practices.



"The ClearGov client success team has been incredible — patient, understanding, and responsive — every step of the way."

Jodi Cuneo, CGA
Town Accountant
Walpole, MA

Training

For starters, we have developed comprehensive courses that provide you with step-by-step instructions on how to configure and use ClearGov. Your Implementation Manager (IM) will recommend and enroll you and your team in ClearGov Academy courses to help meet your goals. Courses are broken down into a variety of product-specific educational elements (e.g. videos, articles, quizzes) for easy consumption.

ClearGov Workshops

In addition, instructor led training is available in workshop format. ClearGov Workshops are designed to answer your specific questions about how to use ClearGov's solutions to meet your specific needs. Therefore, it is highly recommended that Workshop Attendees complete the ClearGov Academy courses prior to attending a ClearGov Workshop. ClearGov will provide a remotely-delivered Workshop for each product in your subscription. ClearGov Workshops may be attended by both Administrators/Editors and Department Heads/Contributors. All Workshops are recorded for future reference and to train new hires.

Support Center

All ClearGov users have access to a frequently updated online Support Center filled with hundreds of how-to articles, video tutorials and information sheets. The ClearGov Support Center is easy to navigate and has a robust search engine to quickly find help on a specific topic.

Client Success Manager

When the onboarding process is complete, the IM will introduce you to your Client Success Manager (CSM). Your CSM is available by phone and email and will work with you to get the most out of ClearGov's platform. CSMs are generally available 9:00AM to 5:00PM, Monday through Friday (excluding holidays). Your CSM will inform you of their specific availability. Our CSMs are committed to responding to all inquiries within one business day, and in most cases, you will receive a same-day response.

ClearGov Support & Data Team

For questions on how to use ClearGov or to report a technical issue, you will be able to reach a Support Specialist via support@cleargov.com during business hours (Monday through Friday, 8:00AM to 8:00PM Eastern). Our Support Team is committed to responding to all inquiries within one business day, and in most cases, you will receive a same-day response.

For data updates, we ask that you send data files along with detailed instructions on what you'd like us to update to data@cleargov.com. Our standard lead time to complete an update is five business days. However, if you need an update completed sooner to meet a deadline, just let us know. Straightforward uploads or changes often are completed within one or two business days.

Product Enhancement Requests

We absolutely love hearing from our Customers - especially when they have ideas that would make our products better. In fact, we meet weekly to go over all the feedback we've received to provide key input to our product roadmap. Many of the applications and features in ClearGov's solution are the direct result of client feedback. When you have a request for a product enhancement, please submit your idea(s) to support@cleargov.com or inform your CSM and they will bring it up at our weekly meeting. We prioritize product enhancements primarily based on the number of clients who are requesting similar functionality, so we can't guarantee that your ideas will go to the top of the list, but we promise that we'll always listen, and we work hard to make 100% of our customers happy.

ClearGov Hosting Platform

The ClearGov platform is hosted by Amazon Web Services (AWS), the world leader in cloud computing as a service. Used by the Departments of Justice, Defense, and Homeland Security, AWS is one of only three vendors that have been granted government authorization to store highly sensitive federal data on its cloud-computing servers.

AWS handles systems, network architecture, and security, enabling ClearGov to focus on what it does best — developing world-class solutions for local governments. With ISO 27001 and FISMA-certified data centers, AWS has made platform security its highest priority in order to protect customers' critical information and applications.

Another key advantage of hosting on the AWS cloud is that it allows ClearGov to easily scale and innovate, while maintaining all security protections across the entire infrastructure.

How secure is ClearGov?

Hosting with AWS ensures that ClearGov maintains the highest security standards in the world:

- Web application firewalls control access to the underlying code
- AWS has built technologies to protect against distributed denial of service (DDoS) attacks to ensure network availability and application uptime.
- AWS's SQL Server RDS uses server-side encryption to protect sensitive data.

In addition to AWS's secure hosting environment, ClearGov has implemented a number of extra software security features:

- **Secure Socket Layer (SSL):** SSL establishes an encrypted link between AWS servers and the web browser to ensure that all data transfers remain private and integral.
- **SQL Injection Protection:** ClearGov has built protection against SQL injection attacks where hackers attempt to insert nefarious server requests into web forms.
- **Access Rights:** ClearGov has implemented strict permission settings based on roles, which limit access to specific data and application functions. This ensures that internal users are restricted from accessing sensitive data based on privileges assigned by your administrator.
- **Password Authentication:** ClearGov does not store passwords explicitly, but rather "hashes" (encrypts) them so they are not compromised.
- **Logging and Monitoring:** ClearGov employs monitoring features that quickly identify vulnerabilities and provide immediate alerts if action is required.

Where are ClearGov data centers located?

AWS replicates the ClearGov application and data across multiple data centers to ensure redundancy and availability. With this in mind, ClearGov is hosted at the AWS data centers in North Virginia, Ohio, Northern California, and Oregon.

What sort of disaster recovery plan is in place?

One of the reasons we selected AWS is because they provide state of the art disaster recovery. ClearGov databases are duplicated in real-time across multiple AWS servers, and the entire ClearGov platform is backed up on a daily basis across the AWS network. So, even in the event of a catastrophic system failure, 24 hours of data loss would be the maximum impact.

Is the ClearGov platform designed to scale to meet demand bursts?

Yes. One of the key factors behind selecting AWS as our hosting provider is their ability to scale rapidly. AWS has automated solutions in place that automatically scale ClearGov's platform for normal peaks and valleys in demand, and can be rapidly (and remotely) scaled to meet sustained demand increases.

Does ClearGov leverage AWS Virtual Private Cloud features?

Yes. ClearGov utilizes the AWS Virtual Private Cloud functionality, so that our platform is hosted on a logically isolated section of the AWS Cloud and not commingled with any third party applications.

How do I learn more about ClearGov's hosting solution?

You can learn more about AWS data centers and security measures via the following link:

- <https://aws.amazon.com/security/?hp=tile>

Security FAQs

How is client data stored within the ClearGov platform?

All client data is stored in a single data repository with proper authentication and access control built into the system to ensure that users may only access the data applicable to their organization.

Is the ClearGov platform SOC 2 compliant?

Our hosting provider, AWS, is fully compliant with SOC 2 requirements, and ClearGov can provide a copy of the most recent AWS SOC 2 compliance/audit report upon request.

How often is the ClearGov platform reviewed for adherence to security standards?

ClearGov performs quarterly security reviews to ensure that processes are being followed and standards are being met.

How frequently is the ClearGov platform monitored?

The ClearGov platform is monitored continuously - 24 x 7 - for performance, security and auditing.

Service Level FAQs

What level of service availability does ClearGov support?

All ClearGov solutions are available on a 24/7 basis, and ClearGov is committed to 99.99% uptime. Given that we are a cloud-based solution product patches and upgrades are completed in real-time, without impact to system performance. On occasion, as necessary, larger upgrades that may require planned system downtime are announced in advance and completed over the weekend and/or after working hours.

What is your standard practice for security patch management?

ClearGov conducts ongoing audits of third party packages for vulnerabilities. Patches for critical vulnerabilities are released as soon as possible, otherwise patches are released as part of regular bi-weekly software releases.

How often does ClearGov schedule planned outages for system upgrades?

The ClearGov platform and applications are architected so that the system does not require downtime during regular maintenance, product upgrades or emergency patches. On occasion, as necessary, larger upgrades that may require planned system downtime are announced in advance and completed over the weekend and/or after working hours.

ClearGov has completed two versions of the City's Price Form and provided them for review herein. As a supplement to the City's Price Form, and in order to fully explain ClearGov's cost options, ClearGov has included the following additional pricing information.

Our pricing model matches our products - simple, straightforward and built for local governments.

Setup Fee:

- A **one-time investment** that covers setup, activation, data onboarding and initial training — everything you need to get launched.

Solution Subscription:

- A flat **annual investment** covers unlimited access and usage of your ClearGov solution and includes unlimited support from your dedicated Client Success Manager.

That's it. We don't charge extra for seat licenses or updates or ongoing support or professional services or anything else, so there are absolutely no hidden fees. See the table below for a complete breakdown of what's included.

Cost Form Supplement - Option #1: Personnel Budgeting Only (Year 1)

Option #1: Setup Service Fees (One time investment)	
Setup Fee: Includes - Full activation and setup; Data onboarding; Client training	\$4,500.00
Total Setup Service Fees	\$4,500.00

Option #1: Annual Subscription Service Fees (Annual investment)	
ClearGov Personnel Budgeting	\$23,100.00
Total Annual Subscription Service Fees	\$23,100.00

Cost Form Supplement - Option #2: Full Budgeting Suite (Year 1)

Option #2: Setup Service Fees (One time investment)	
Setup Fee: Includes - Full activation and setup; Data onboarding; Client training	\$22,500.00
Setup Bundle Discount:	(\$7,875.00)
Total Setup Service Fees	\$14,625.00

Option #2: Annual Subscription Service Fees (Annual investment)	
ClearGov Personnel Budgeting	\$23,100.00
ClearGov Operational Budgeting	\$25,400.00
ClearGov Capital Budgeting	\$18,300.00

ClearGov Digital Budget Book	\$15,300.00
ClearGov Transparency	\$14,100.00
Bundle Discount	(\$41,200.00)
Total Annual Subscription Service Fees	\$55,000.00

Annual & Multi-Year Agreements:

- **Annual Agreement:** In the event that the City prefers a one-year agreement, the first year subscription fee will be as noted above, depending on which pricing option is selected. Subsequent renewals will include an automatic six percent (6%) fixed annual price increase.
- **Multi-Year Agreement:** In the event that the City is willing to commit to a multi-year agreement (2+ years), the annual subscription fee can be locked in at a three percent (3%) increase instead of six percent (6%) for the Initial Service Period.

Two versions of the City's Price Form are included for review on the following pages.

Please note: There are two versions of the City's form that mirror the cost options provided in the pricing supplement above.

REQUEST FOR PROPOSALS

for Personnel Budgeting Software

2024.02.01.01

STANDARD FORM I

PRICE FORM

ClearGov, Inc.

(Proposer's Company Name)

Separate and describe your tasks, and associated costs, for the Scope of Services requirements.
Attach additional pages if necessary.

ClearGov Price Option #1

Description	Required	Optional	Implementation Fees	Base Term			Optional	Optional
				Year 1	Year 2	Year 3	Year 4	Year 5
General Features	✓		\$4,500.00	\$ Included	\$ Included	\$ Included	\$ Included	\$ Included
Personnel Budgeting	✓		\$ Included	\$ 23,100.00	\$ 23,793.00	\$ 24,506.79	\$ 25,977.20	\$ 27,535.83
Personnel Action Form Workflow		✓	\$	\$	\$	\$	\$	\$
Operational Budgeting		✓	\$	\$	\$	\$	\$	\$
Capital Budgeting		✓	\$	\$	\$	\$	\$	\$
Digital Budget Book		✓	\$	\$	\$	\$	\$	\$
Transparency		✓	\$	\$	\$	\$	\$	\$
Proposal Total Costs (add above lines)			\$4,500.00	\$ 23,100.00	\$ 23,793.00	\$ 24,506.79	\$ 25,977.20	\$ 27,535.83

Please note that pricing Must Be All-Inclusive. ***EACH PROPOSAL MUST BE INCLUSIVE OF ALL COSTS TO PERFORM THE REQUIRED SERVICES.*** Any and all costs of labor, transportation, materials, software, equipment, proprietary licenses, and any and all other fees, costs, taxes, insurance, and expenses necessary to comply with the requirements of this RFP and to provide the Services, must be included in the proposal price.

Additional comments/remarks:

- This pricing is for ClearGov's Personnel Budgeting solution only.

- The one-time setup fee of \$4,500.00 would only apply to Year 1.

- Year 1, 2 and 3 reflect a discount of 3% for a multi-year agreement (see ClearGov Cost Supplement for details).

- If the City wishes to commit to a five (5) year agreement, the cost for Personnel Budgeting for Year 4 would be \$25,241.99 and Year 5 would be 25,999.25.

REQUEST FOR PROPOSALS

for Personnel Budgeting Software

2024.02.01.01

STANDARD FORM I

PRICE FORM

ClearGov, Inc.

(Proposer's Company Name)

Separate and describe your tasks, and associated costs, for the Scope of Services requirements.
Attach additional pages if necessary.

ClearGov Price Option #2

Description	Required	Optional	Implementation Fees	Base Term			Optional	Optional
				Year 1	Year 2	Year 3	Year 4	Year 5
General Features	✓		\$14,625.00	\$ Included	\$ Included	\$ Included	\$ Included	\$ Included
Personnel Budgeting	✓		\$ Included	\$ 23,100.00	\$ 23,793.00	\$ 24,506.79	\$ 25,977.20	\$ 27,535.83
Personnel Action Form Workflow		✓	\$	\$	\$	\$	\$	\$
Operational Budgeting		✓	\$ Included	\$ 25,400.00	\$ 26,162.00	\$ 26,946.86	\$ 28,563.67	\$ 30,277.49
Capital Budgeting		✓	\$ Included	\$ 18,300.00	\$ 18,849.00	\$ 19,414.47	\$ 20,579.34	\$ 21,814.10
Digital Budget Book		✓	\$ Included	\$ 15,300.00	\$ 15,759.00	\$ 16,231.77	\$ 17,205.68	\$ 18,238.02
Transparency		✓	\$ Included	\$ 14,100.00	\$ 14,523.00	\$ 14,958.69	\$ 15,856.21	\$ 16,807.58
Proposal Total Costs (add above lines)			\$ 14,625.00	\$ 55,000.00	\$ 56,650.00	\$ 58,349.50	\$ 61,850.47	\$ 65,561.50

Please note that pricing Must Be All-Inclusive. ***EACH PROPOSAL MUST BE INCLUSIVE OF ALL COSTS TO PERFORM THE REQUIRED SERVICES.*** Any and all costs of labor, transportation, materials, software, equipment, proprietary licenses, and any and all other fees, costs, taxes, insurance, and expenses necessary to comply with the requirements of this RFP and to provide the Services, must be included in the proposal price.

Additional Comments/Remarks:

- The one-time setup fee of \$14,625.00 would only apply to Year 1.
- Year 1, 2 and 3 reflect a discount of 3% for a multi-year agreement (see ClearGov Cost Supplement for details).
- The Proposed Total Costs include a Bundle Discount each year.

RFP Forms

ClearGov has completed the City's standard forms, in accordance with the RFP, and included them on the following pages for the City's review. If applicable, ClearGov has also provided supplemental information along with the required forms. The completed City forms and ClearGov supplements include:

- **a. Non-Collusion Affidavit Form**
- **b. References Form**
- **c. Subcontractors List-Standard Form**
- **d. Statement of Compliance or Exceptions Form**
 - **ClearGov Exceptions Form Supplement**
 - **ClearGov BCM Service Agreement**
- **e. Status of Past and Present Contracts Form**
- **f. Insurance Commitment Form**
- **g. Proposer Qualifications Response Form**
- **h. Firm Proposal Form**

NON-COLLUSION AFFIDAVIT FORM

Page 9 of 44

REQUEST FOR PROPOSALS

for Personnel Budgeting Software

2024.02.01.01

STANDARD FORM B**REFERENCES FORM**

ClearGov, Inc.

(Proposer's Company Name)

Provide current business references for whom your company has provided similar services.
Provide very brief description of the Project services your company provided to the reference.
Any unsatisfactory references or past unsatisfactory work performance with City may eliminate Proposer from further consideration (Brea City Code Sec. 3.24.020.M)

1. Company Name	Bedford, TX
Address, City, State, Zip	2000 Forest Ridge Drive, Bedford, TX 76021
Contact's Name & Title	Meg Jakubik, Budget Manager
Contact's Phone #	(629) 952-2117
Contact's Email	mjakubik@bedfordtx.gov
Project	ClearGov Operational Budgeting, Personnel Budgeting, Capital Budgeting, Digital Budget Book and Transparency
Completion Date & Value	4/1/2021 - Present, ACV: \$36,685.00
2. Company Name	Bondurant, IA
Address, City, State, Zip	200 2nd Street, Box 37, Bondurant, IA 50035
Contact's Name & Title	Jene Jess, Finance & Employee Services Director
Contact's Phone #	(515) 630-6981
Contact's Email	jnjess@cityofbondurant.com
Project	ClearGov Operational Budgeting, Personnel Budgeting, Capital Budgeting, Digital Budget Book and Transparency
Completion Date & Value	1/1/2022 - Present, ACV: \$16,995.00
3. Company Name	Campbell, CA
Address, City, State, Zip	70 N First Street, Campbell, CA 95008
Contact's Name & Title	Will Fuentes, Finance Director
Contact's Phone #	(408) 866-2113
Contact's Email	willf@campbellca.gov
Project	ClearGov Operational Budgeting, Personnel Budgeting, Capital Budgeting, Digital Budget Book, Transparency and ClearPlans
Completion Date & Value	12/14/2020 - Present, ACV: \$42,895.60
4. Company Name	Galt, CA
Address, City, State, Zip	380 Civic Drive, Galt, CA 95632
Contact's Name & Title	Carlos Solorio, Budget/Revenue Manager
Contact's Phone #	(209) 366-7156
Contact's Email	csolorio@cityofgalt.org
Project	ClearGov Operational Budgeting, Personnel Budgeting, Capital Budgeting, Digital Budget Book, Transparency and ClearForms
Completion Date & Value	1/18/2022 - Present, ACV: \$35,300.00

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01
STANDARD FORM C
SUBCONTRACTORS LIST-STANDARD FORM

ClearGov, Inc.

(Proposer's Company Name)

Provide the information requested below. Duplicate this form as necessary to complete list.

☒ Check this box, *if no subcontractors* are to be used for any of the proposed work.

1. Company Name		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		
2. Company		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		
3. Company		
Address, City, State, Zip		
Contact's Name & Title		
Contact's Phone #		
Contact's Email		
Proposed work & amounts		
License #s & Class		
DIR # & Exp Date		

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01
STANDARD FORM D

STATEMENT OF COMPLIANCE OR EXCEPTIONS FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation.

| | ClearGov, Inc.

(Proposer's Company Name) *Select*

one:

| | **No Exceptions**

By checking the above box, Proposer declares their Proposal was prepared in strict compliance with the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement.

| ☒ | **With Exceptions**

By checking the above box, Proposer declares their Proposal was prepared in consideration of but with exceptions to one or more of the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement, in which case **Proposer must provide a detailed list for all such exceptions in the following format.**

Section Page #	Term, Condition, Specification	Exception & Benefit to City	City A or D
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ClearGov has found only minor exceptions and detailed them per the City's format on the following pages.

Proposer acknowledges that City may accept or reject any or all of Proposer's listed exceptions or reject the Proposer's entire Proposal that contain any exceptions.

| | *Bryan A Burdick*

| | Bryan A. Burdick, President

February 27, 2024

Signature:

Name/Title Date:

Exceptions Form Supplement

As a supplement to the City's Statement of Compliance or Exceptions Form, ClearGov has reviewed the City's RFP and found only minor exceptions, which we have highlighted below.

ClearGov Exception 1

Section Page #: Agreement & Scope of Services, 7.2 Termination for Convenience (p. 25)

ClearGov Request:

- As an annual subscription service, ClearGov cannot agree to such a clause that can be exercised at any time.
- However, ClearGov's standard terms do enable Clients to terminate within the initial Client Satisfaction period for a full refund, as well as the option to terminate on an annual basis, simply by providing notice. ClearGov's standard terms are detailed in the BCM Service Agreement provided on the following pages of this proposal.

ClearGov Exception 2

Section Page #: Agreement & Scope of Services, 16.10 Assignment of Agreement (p. 37)

ClearGov Request:

- We completely understand that the City's intent with this clause is to prevent ClearGov from signing an agreement and then hand-off the work to some third party. In fact, we are in full agreement with that intent, and to some extent it's a non-issue because no-one but ClearGov can provide our SaaS software in the first place.
- The only issue is that ClearGov does need the ability to assign this agreement – without permission in the event that ClearGov is ever acquired.
- Our preferred language is listed below, but as long as there is something along these lines in the agreement, it should work:
 - *ClearGov may not assign this Agreement in whole or in part to any third party without the prior written consent of the City of Brea; provided, however, ClearGov may assign this Agreement without such consent to any subsidiary or parent company of ClearGov or to any successor by way of any merger, consolidation or other corporate reorganization of ClearGov or sale of all or substantially all of the assets of ClearGov or to an entity that assumes, by sale, license or otherwise, the business activities that are the subject of this Agreement, provided that such subsidiary or parent company or successor assumes or is otherwise fully bound by all of the obligations of ClearGov under this Agreement.*

Conclusion

Thank you for reviewing these exceptions in advance. We are happy to have a conversation with the appropriate person at the City if any of the requests above are problematic or of concern to you.

This ClearGov BCM Service Agreement (the "**Agreement**") is made and entered into by and between ClearGov, Inc. ("**ClearGov**"), a Delaware corporation with its principal offices at 2 Mill & Main; Suite 630, Maynard, MA 01754 and **Customer** (as defined in the applicable ClearGov Service Order) (each a "**Party**" and collectively the "**Parties**"). This Agreement governs the terms and conditions under which Customer may utilize the ClearGov Service as set forth herein and as specified in one or more applicable ClearGov Service Order(s) executed by Customer in connection herewith and incorporated herein (the "**ClearGov Service Order(s)**"). In event of any conflict between the terms set forth in this Agreement and any terms or conditions of any applicable ClearGov Service Order, the terms of the applicable ClearGov Service Order shall prevail.

WHEREAS ClearGov owns and operates the ClearGov Service, a Web-based SaaS solution that includes a variety of ClearGov App(s) and provides various features and functionality via such ClearGov App(s); and

WHEREAS Customer wishes to utilize the ClearGov Service in order to convey fiscal budget, key metrics and other information to the public as well as to leverage the functionality of such ClearGov App(s);

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ClearGov and Customer hereby agree as follows:

1) **Definitions.** Capitalized terms used in this Agreement, and not otherwise defined herein, shall have the following meanings:

- 1.1) "**Account**" means an access point for the ClearGov Service that requires registration by the Customer.
- 1.2) "**ClearGov API**" means an application programming interface that provides access to specified content and functionality within certain ClearGov Apps.
- 1.3) "**ClearGov Apps**" means collectively all of the Web applications hosted by ClearGov and available via the ClearGov Service, including but not limited to the applications listed in any applicable ClearGov Service Order. All features, functionality, reports, etc. for each ClearGov App are included as material elements of the applicable ClearGov App. ClearGov may modify, combine, add or delete ClearGov Apps from the ClearGov Service from time to time at its sole discretion, provided that in the event that ClearGov terminates or deletes any ClearGov App to which Customer is actively subscribing, ClearGov shall provide a pro-rata refund for the applicable portion of the Subscription Service Fee for the remainder of the then current Service Period.
- 1.4) "**ClearGov Data**" means any aggregated and normalized key metrics and benchmarking data collected by ClearGov for the delivery of the ClearGov Service.
- 1.5) "**ClearGov Service**" means the complete set of ClearGov software and related materials including but not limited to the ClearGov Apps, ClearGov Data, ClearGov Web Site, the Documentation and the Software.
- 1.6) "**ClearGov Web Site**" means the Web site owned and operated by ClearGov and made available at the following URL: <http://www.ClearGov.com> and/or any successor site(s).
- 1.7) "**Customer PDF**" means one or more PDF files of Customer's digital documents created by Customer using the ClearGov Apps.
- 1.8) "**Customer Data**" means any data provided to ClearGov by or on behalf of Customer or any data entered or uploaded into the ClearGov Service by or on behalf of Customer, including Sensitive Data entered or provided by Customer.

Customer Data specifically excludes ClearGov Data as well as any anonymized, customized, modified or derivative works related to the Customer Data.

- 1.9) "**Customer State**" means the state, commonwealth or territory in which the Customer is located.
- 1.10) "**Customer Web Site**" means any Web site owned and operated by Customer.
- 1.11) "**Documentation**" means any accompanying proprietary documentation made available to Customer by ClearGov for use with the ClearGov Service, including any documentation available online or otherwise.
- 1.12) "**Sensitive Data**" means any Customer Data that may reasonably be deemed sensitive and/or private in nature, including but not limited to personal wage garnishments, individual healthcare-related expenses, data protected by HIPAA, etc.
- 1.13) "**Software**" means the source code and/or other code which are material elements of the ClearGov Apps and ClearGov Service.

2) **Service Usage & Licenses.**

- 2.1) Account Password and Security. Customer shall protect its passwords and take full responsibility for Customer's own, as well as any third-party, use of the Customer Account(s). Customer is solely responsible for any and all activities that occur under such Customer Account(s), except for any activities performed by ClearGov as set forth herein. Customer agrees to notify ClearGov immediately upon learning of any unauthorized use of a Customer Account or any other breach of security. From time to time, ClearGov's support staff may log in to the Customer Account in order to maintain or improve service, including providing Customer assistance with technical or billing issues. Customer hereby acknowledges and consents to such access.
- 2.2) ClearGov License. Subject to the terms and conditions of this Agreement and as specifically set forth in the applicable ClearGov Service Order(s), ClearGov grants Customer a limited, revocable, non-exclusive, non-transferable, non-distributable, worldwide license to utilize the ClearGov Service for the following functionality:
 - a) Content Delivery. Customer may integrate, link and publish applicable public-facing content from the applicable ClearGov Apps within one or more Customer Web Site(s);
 - b) Application Access. Customer may access the ClearGov Apps via Customer's Account to utilize the functionality provided within such ClearGov Apps; and
 - c) API Access. Customer may access the ClearGov API to distribute and display public-facing content from the ClearGov Apps within one or more Customer Web Site(s).

3) **Term and Termination.**

- 3.1) Term. The duration of this Agreement shall be defined in accordance with the Term set forth in all applicable Service Order(s). The Term shall commence upon the Start Date set forth in the first ClearGov Service Order executed between the Parties and shall continue in full force and effect until the termination or expiration of all applicable ClearGov Service Order(s) (the "**Term**").
- 3.2) Termination. This Agreement and/or any applicable ClearGov Service Order may be terminated prior to the expiration of the term as follows:
 - a) Either Party may terminate this Agreement if the other Party fails to cure a material breach of the Agreement within fifteen (15) days after receipt of written notice

thereof.

- b) Either Party may terminate this Agreement if the other Party is involved in insolvency proceedings, receivership, bankruptcy, or assignment for the benefit of creditors.

3.3) **Obligations.** Upon expiration or termination of this Agreement:

- a) Each Party shall promptly return to the other all of the Confidential Information of the other Party in its possession or control;
- b) Customer shall cease use of the ClearGov Service and shall remove all links from the Customer Web Site(s) to any content provided by the ClearGov Apps, provided that Customer may continue to provide access to any Customer PDF(s). Customer shall be solely responsible for hosting and delivering such Customer PDF(s) as well as any ongoing costs for doing so; and
- c) Any outstanding fees shall become immediately due and payable, and termination of this Agreement shall not relieve Customer from its obligation to pay to ClearGov any such fees.

3.4) **Survival.** Sections 3.3, 3.4 and 4 through 8 inclusive shall survive any termination or expiration of this Agreement.

4) Fees and Billing.

- 4.1) **Fees.** Customer shall pay the Fees in accordance with the terms set forth in the applicable ClearGov Service Order.
- 4.2) **Interest and Collections.** Customer will be charged \$50 for payments by checks that are returned due to insufficient funds. Any late payments will accrue interest equal to one and one-half percent (1.5%) per month, or the maximum amount allowable under law, whichever is less, compounded monthly. ClearGov shall be entitled to recover all reasonable costs of collection (including agency fees, attorneys' fees, in-house counsel costs, expenses and costs) incurred in attempting to collect payment from Customer.
- 4.3) **Taxes.** Customer is solely responsible for all applicable sales, use and other taxes and similar charges based on or arising from this Agreement or any ClearGov Service Order. In the event that Customer is exempt from sales tax, Customer will provide ClearGov with a tax-exempt certificate upon request.

5) Intellectual Property.

- 5.1) **General.** Both Parties may only use the other Party's intellectual property as expressly set forth herein. Nothing in this Agreement shall be construed in any manner to affect or modify either Party's ownership rights in any preexisting or future works, trademarks, copyrights or technologies developed or created by either Party, including without limitation, their respective proprietary software used in connection with the development and provision of their respective Web sites, databases, systems, products and/or services. Unless specifically agreed by the Parties in writing, all intellectual property, including without limitation information that could become the subject of a patent, copyright or trade secret, developed by a Party in the context of performing its obligations under this Agreement shall be exclusively owned by that Party and the other Party shall cooperate with any reasonable requests to execute documents confirming such ownership.
- 5.2) **Data Ownership and License.**
 - a) Customer represents and warrants that it has obtained all data subjects' consent or otherwise has the full legal right necessary to provide the Customer Data to ClearGov for ClearGov's use as contemplated by this Agreement. Customer acknowledges that ClearGov shall have no legal liability for its use and/or the display of the Customer Data

as contemplated by this Agreement.

- b) Customer represents and warrants that Customer shall not provide or enter Sensitive Data to be displayed in any publicly available element of the ClearGov Service. To the extent that Customer enters or uploads any Sensitive Data into the ClearGov Service, Customer shall assume full responsibility for the disclosure of such Sensitive Data. ClearGov is under no obligation to review and/or verify whether or not Customer Data includes Sensitive Data.
- c) Customer Data shall remain the property of Customer, and Customer hereby grants ClearGov a limited, perpetual, irrevocable and royalty-free right to use, copy, modify, and display the Customer Data within any ClearGov App(s) and for the purpose of providing the ClearGov Service.

- 5.3) **Proprietary Rights Notice.** The ClearGov Service and all intellectual property rights in the ClearGov Service are, and shall remain, the property of ClearGov. All rights in and to the ClearGov Service not expressly granted to Customer in this Agreement are hereby expressly reserved and retained by ClearGov without restriction, including, without limitation, ClearGov's right to sole ownership of the ClearGov API, ClearGov Apps, ClearGov Data, ClearGov Web Site, Documentation and Software. Without limiting the generality of the foregoing, Customer agrees not to (and to not allow any third party to): (a) sublicense, copy, distribute, rent, lease, lend or use the ClearGov Service outside of the scope of the license granted herein or make the ClearGov Service available to any third party or use the ClearGov Service on a service bureau time sharing basis; (b) copy, modify, adapt, translate, prepare derivative works from, reverse engineer, disassemble, or decompile the ClearGov Service or otherwise attempt to discover or reconstruct any source code, underlying ideas, algorithms, file formats, program interfaces or other trade secrets related to the ClearGov Service; (c) use the trademarks, trade names, service marks, logos, domain names and other distinctive brand features or any copyright or other proprietary rights associated with the ClearGov Service for any purpose without the express written consent of ClearGov; (d) register, attempt to register, or assist anyone else to register any trademark, trade name, service marks, logos, domain names and other distinctive brand features, copyrights or other proprietary rights associated with ClearGov other than in the name of ClearGov; or (e) modify, remove, obscure, or alter any notice of copyright, trademark, or other proprietary right or legend appearing in or on any item included with the ClearGov Service. If the use of the ClearGov Service is being purchased by or on behalf of the U.S. Government or by a U.S. Government prime contractor or subcontractor (at any tier), in accordance with 48 C.F.R. 227.7202-4 (for Department of Defense (DOD) acquisitions) and 48 C.F.R. 2.101 and 12.212 (for non-DOD acquisitions), the Government's rights in the ClearGov Service, including its rights to use, modify, reproduce, release, perform, display or disclose any elements of the ClearGov Service, will be subject in all respects to the commercial license rights and restrictions provided in this Agreement.

6) Representations, Warranties, Indemnification and Liability.

- 6.1) **By ClearGov.** ClearGov represents and warrants that: (i) the ClearGov Service shall be provided in accordance with, and shall not violate applicable laws, rules or regulations; and (ii) by using the ClearGov Service, Customer will not violate or in any way infringe upon the personal or proprietary rights of any third party, (iii) to ClearGov's knowledge, the ClearGov Service does not contain any virus, worm, Trojan horse, time bomb or similar contaminating or destructive feature; and (iv)

ClearGov holds all necessary rights to permit the use of the ClearGov Service and all components thereof provided to Customer under this Agreement.

- 6.2) By Customer. Customer represents and warrants that: (i) it has all right, title, and interest in and to the Customer Data necessary for its use in connection with the ClearGov Service; and (ii) it shall not use the ClearGov Service in a manner or in connection with any activity that would violate this Agreement or any law, rule or regulation or rights of any third party.
- 6.3) By Both. ClearGov and Customer both represent and warrant that (i) each has full power and authority to enter into and perform its obligations under this Agreement; (ii) this Agreement is a legal, valid and binding obligation, enforceable against each Party in accordance with its terms; and (iii) entering into this Agreement will not knowingly violate the Agreement or any laws, regulations or third-party contracts.
- 6.4) Indemnification by ClearGov. At ClearGov's cost, ClearGov agrees to indemnify, hold harmless and defend Customer against any cost, loss or expense (including attorney's fees) resulting from any claims by third parties for loss, damage or injury (each, a "**Claim**") arising out of or relating to (i) ClearGov's breach of any term, condition, representation or warranty of this Agreement, (ii) ClearGov's violation of any third party rights in connection with the ClearGov Service or (iii) ClearGov's violations of applicable laws, rules or regulations in connection with the ClearGov Service. In such a case, Customer will provide ClearGov with written notice of such Claim. Customer shall cooperate as fully as reasonably required in the defense of any Claim. Customer reserves the right, at its own expense, to assume the exclusive defense and control of any matter subject to indemnification by ClearGov. Notwithstanding the foregoing, unless the settlement involves no cost, loss or continuing liability to Customer, ClearGov shall not settle any Claim, without the written consent of Customer, such consent not to be unreasonably withheld.
- 6.5) Limited Warranty. ClearGov warrants that the ClearGov Service will be delivered in a professional and workmanlike manner substantially in accordance with the statement of work set forth in the applicable ClearGov Service Order and that the ClearGov Service will operate in all material respects as described in its product descriptions and/or documentation. EXCEPT FOR THE EXPRESS WARRANTIES STATED IN THIS AGREEMENT, INCLUDING ANY APPLICABLE CLEARGOV SERVICE ORDER, CLEARGOV MAKES NO ADDITIONAL WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, GUARANTEES, REPRESENTATIONS, PROMISES, STATEMENTS, ESTIMATES, CONDITIONS, OR OTHER INDUCEMENTS.
- 6.6) Limitation of Liability. NEITHER CLEARGOV NOR CUSTOMER WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOST PROFITS), OR INCIDENTAL DAMAGES, WHETHER BASED ON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR OTHER TORT, BREACH OF ANY STATUTORY DUTY, INDEMNITY OR CONTRIBUTION, OR OTHERWISE, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE EXCLUSION CONTAINED IN THIS PARAGRAPH SHALL APPLY REGARDLESS OF THE FAILURE OF THE EXCLUSIVE REMEDY PROVIDED IN THE FOLLOWING SENTENCE. BOTH PARTIES' TOTAL CUMULATIVE LIABILITY TO THE OTHER PARTY FOR ANY LOSS OR DAMAGES RESULTING FROM ANY CLAIMS, DEMANDS OR ACTIONS

ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL NOT EXCEED THE CUMULATIVE FEES PAID BY CUSTOMER TO CLEARGOV IN THE PRECEDING TWELVE (12) MONTHS. THE FOREGOING SHALL NOT LIMIT A PARTY'S (A) PAYMENT OBLIGATIONS UNDER THE AGREEMENT; (B) LIABILITY FOR INDEMNIFICATION OBLIGATIONS UNDER SECTION 6.4; (C) LIABILITY FOR ANY BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTION 7; (D) LIABILITY FOR ANY BREACH OF ITS REPRESENTATIONS, WARRANTIES, OR OBLIGATIONS UNDER SECTION 5.2; OR (E) LIABILITY FOR ITS INFRINGEMENT OR MISAPPROPRIATION OF ANY PROPRIETARY RIGHTS OF THE OTHER PARTY. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS EXCLUDING OR LIMITING A PARTY'S LIABILITY FOR FRAUD OR ITS LIABILITY FOR DEATH OR PERSONAL INJURY ARISING FROM ITS NEGLIGENCE.

- 6.7) Essential Element. The provisions of this Section 6 are an essential element of the benefit of the consideration reflected in this Agreement.

7) Confidentiality.

- 7.1) Subject to any applicable open public records laws in the Customer State, each Party will keep the specific terms of this Agreement confidential, including the contents of the schedules and exhibits, and not disclose any portion of them to any third party (other than to its attorneys, accountants, advisors and potential investors who are bound to keep such information confidential) without the other Party's prior written consent, except as required by law, including but not limited to open public record laws.
- 7.2) In addition, in connection with the negotiation and performance of this Agreement, a Party (the "**Receiving Party**") may receive information from the other Party (the "**Disclosing Party**") which is confidential or proprietary in nature, including without limitation information about a Party's products, systems and services ("**Confidential Information**"). The Receiving Party agrees that, during the term of this Agreement and for a period of three (3) years thereafter, it will keep the Confidential Information in strictest confidence and protect such Confidential Information by similar security measures as it takes to protect its own Confidential Information of a similar nature, but in no event shall the Receiving Party take less than reasonable care with the Confidential Information of the Disclosing Party. The Receiving Party also agrees that it will not use any Confidential Information for any purpose other than in connection with the performance of its obligations under this Agreement.
- 7.3) The term "**Confidential Information**" shall not include information which A) is or becomes generally available to the public without breach of this Agreement, B) is in the possession of the Receiving Party prior to its disclosure by the Disclosing Party, C) becomes available from a third party not in breach of any obligations of confidentiality, D) is independently developed by the Receiving Party, or E) is required to be disclosed by the Receiving Party pursuant to law, rule, regulation, subpoena or court order, including but not limited to open public record laws.
- 7.4) The Parties recognize that the disclosure or use of a Disclosing Party's Confidential Information by the Receiving Party in violation of the provisions of this Section 7 may cause irreparable injury to the Disclosing Party; therefore, in the event either Party breaches the provisions of this Section 7, the other Party, in addition to any other remedies it may have, shall be entitled to seek preliminary and permanent

injunctive relief without the necessity of posting a bond.

8) Miscellaneous.

- 8.1) General. If any provision of this Agreement is held to be unenforceable for any reason, such provision shall be reformed to the extent necessary to make it enforceable to the maximum extent permissible so as to implement the intent of the Parties, and the remainder of this Agreement shall continue in full force and effect. A waiver of any default is not a waiver of any subsequent default. The relationship between ClearGov and Customer is one of independent contractors, not partnership, joint venture or agency. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto. The United Nations Convention on Contracts for the International Sale of Goods and the Uniform Computer Information Transactions Act shall not apply to this Agreement. The Software is controlled by U.S. Export Regulations, and it may not be exported to or used by embargoed countries or individuals.
- 8.2) Entire Agreement. This Agreement and the accompanying ClearGov Service Order(s), together, constitute a valid and binding agreement between the Parties and are intended to be the Parties' complete, integrated expression of the terms of their agreement with respect to the ClearGov Service, and any prior agreements or understandings with respect to such subject matter are superseded hereby and fully merged herein.
- 8.3) Assignment. Neither Party will assign this Agreement in whole or in part to any third party without the prior written consent of the other Party; provided, however, either Party may assign this Agreement without such consent to any subsidiary or parent company of such Party or to any successor by way of any merger, consolidation or other corporate reorganization of such Party or sale of all or substantially all of the assets of such Party or to an entity that assumes, by sale, license or otherwise, the business activities that are the subject of this Agreement, provided that such subsidiary or parent company or successor assumes or is otherwise fully bound by all of the obligations of the assigning Party under this Agreement.
- 8.4) Marketing Materials. Customer agrees that ClearGov may utilize Customer's name solely to identify it as a ClearGov Customer on the ClearGov Web site, in client lists and other marketing materials. Any other uses of Customer's name and/or logo (other than as included in the content and/or other items furnished to ClearGov by Customer) shall require Customer's prior written consent.
- 8.5) Insurance. ClearGov shall maintain commercial general liability insurance, cybersecurity insurance, product liability insurance and auto liability insurance in amounts that are consistent with industry standards. ClearGov shall maintain Worker's Compensation insurance as required by law.
- 8.6) No Boycott of Israel. ClearGov hereby certifies that ClearGov is not currently engaged in and shall not, for the duration of the Term of this Agreement, engage in a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel.
- 8.7) Jurisdiction. This Agreement shall be governed by the applicable laws in the Customer State, without regard to conflict of laws rules. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined exclusively by

arbitration in the Customer State before a panel of three arbitrators. Such arbitration shall be administered by JAMS pursuant to JAMS' Streamlined Arbitration Rules and Procedures. Judgment on an award, if any, may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The Parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the provision with respect to applicable substantive law, any arbitration conducted pursuant to the terms of this Agreement shall be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16).

- 8.8) Force Majeure. If the performance of this Agreement or any obligations hereunder is prevented or interfered with by reason of fire or other casualty or accident, strikes or labor disputes, war or other violence, any law, proclamation, regulation, or requirement of any government agency, or any other act or condition beyond the reasonable control of a Party hereto, that Party upon giving prompt notice to the other Party shall be excused from such performance during such occurrence.
- 8.9) Notices. All notices, requests, or other communications between the Parties that are required or permitted hereunder will be in writing and will be given by: (a) delivery in person or by prepaid courier service with a nationally recognized courier company, (b) delivery by registered or certified mail, postage prepaid, return receipt requested, (c) by confirmed fax, or (d) email to the address and/or fax number set forth in the applicable ClearGov Service Order. A Party may change the street or email address or fax number to which notice is to be sent by giving written notice of such change. Notices will be deemed given when received as evidenced by verification from the courier company, the mail or confirmation of email receipt or fax confirmation.
- 8.10) Titles & Subtitles. The titles and subtitles in this Agreement are used for convenience only and are not to be considered in construing it.

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01
STANDARD FORM E

STATUS OF PAST AND PRESENT CONTRACTS FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation. As used in this form, "Proposer" means Proposer or any 10% or greater owner of the proposing company; "Contract Termination" means termination for cause by any other party to a contract with the Proposer; "Settlement" means settlement of any claim or lawsuit brought against Proposer in connection with Proposer's services; and, "Legal Action" means any lawsuit alleging fraud, breach or any other misconduct by, or filed against, Proposer.

		ClearGov, Inc.
(Proposer's Company Name)		

<input checked="" type="checkbox"/>		No Contract Terminations, Settlements, or Legal Actions
-------------------------------------	--	--

By checking the above box, Proposer declares that the Proposer has not had any Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder and currently does not have any pending Contract Terminations, Settlements, or Legal Actions.

		One or More Contract Terminations, Settlements, or Legal Actions
--	--	---

By checking the above box, Proposer declares that the Proposer has had either one or more Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder in which case, **Proposer must provide a list for all such contracts** and include: Contract Title, Contract Value, Termination Date, Company Name, Contact Name, Phone Number, and Reasons for and descriptions of the Terminations, Settlements, or Legal Actions.

The Proposer acknowledges that City may: reject any declarations that are not accompanied with the required documentation as described above; or reject any Proposals wherein Proposer has had any Terminations, Settlements, or Legal Actions that City in its sole discretion deems unacceptable.

	<i>Bryan A Burdick</i>	
	Bryan A. Burdick, President	February 27, 2024

Signature:

Name/Title Date:

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01
STANDARD FORM F

INSURANCE COMMITMENT FORM

Each Proposal must be accompanied by this form. Failure to provide this form will cause the Proposal to be deemed non-responsive and that Proposal will not be considered for further evaluation.

| | ClearGov, Inc.

(Proposer's Company Name)

Proposer acknowledges that:

City reserves the right to modify the insurance requirements as set for in the Insurance Requirements section of the Agreement including limits, based on nature of the risk, prior experience, insurer, coverage, or other special circumstances.

City's acceptance and/or approval of the proposer's insurance documents does not and shall not be construed to relieve proposer of any obligations, responsibilities or liabilities under any resultant Contract.

Proposer's failure to comply with the required insurance as set forth in the Insurance Requirements of the Agreement is a breach of contract, which may result in one or more of the following: suspension of work, suspension or termination of contract, remuneration of procurement costs for obtaining a replacement contractor, and suspension from submitting future proposal based on proposer's default.

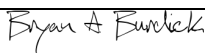
Proposer, at Proposer's sole cost and expense, hereby promises and agrees to:

Acquire required insurance set forth in the Insurance Requirements of the Agreement.

Provide policies of insurance from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California prior to commencing any work and allowing any subcontractor to commence work on any subcontract until it has secured all required insurance unless otherwise permitted or waived in writing by City's Risk Manager.

Maintain in force at all times during the term of any Contract, insurance policies as set forth in the Insurance Requirements of the Agreement; replace any policies whose carrier's rating falls below A VII with policies that meet or better the required A VII rating no later than the renewal date of the policy; amend, supplement, or endorse existing insurance policies that do not meet the insurance requirements set forth in the Insurance Requirements.

Proposer certifies, represents, and commits to all the Insurance Requirements of the Agreement.

| | 

| | Bryan A. Burdick, President

February 27, 2024

Signature:

Name/Title Date:

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01
STANDARD FORM G
PROPOSER QUALIFICATIONS RESPONSE FORM

| | ClearGov, Inc.

(Proposer's Company Name)

Proposers must have demonstrated trustworthiness, as well as the necessary quality, fitness, capacity, and experience to satisfactorily provide the requirements specified in this Solicitation based on prior experience with city, references, and other available information.

Provide the information requested below. Do not omit or renumber any sections. All items listed must be submitted and checked off to ensure qualification responsiveness.

1. Background.

Please provide the following information about your company:

- ☒ Your company's full legal name, address, phone, fax, email, website.
- ☒ Prior company names (if any) and years in business; mergers, buyouts, etc.
- ☒ Organizational structure (i.e. corp., LLC, sole proprietorship, etc.).
- ☒ Names and titles of the principal owner(s).
- ☒ Person(s) authorized to make commitments for your company.
- ☒ Special recognition or awards.

2. Experience.

Provide the following information relative to required services:

- ☒ Summary of Experience with similar kinds of work.
- ☒ Familiarity with state and federal procedures.
- ☒ Experience working with public agencies.
- ☒ Narrative of the working relationship with current business references for information not already included in the References Form.

3. Qualifications.

Provide the following information relative to required services:

- ☒ Financial responsibility.
- ☒ Demonstrated Technical Ability.
- ☒ Capability of developing innovative or advanced techniques.
- ☒ Special qualifications, training, credentials.
- ☒ Staff names, titles, role, qualifications, and experience assigned to this Project.
- ☒ Designated project manager assigned to this Project.

REQUEST FOR PROPOSALS
for Personnel Budgeting Software
2024.02.01.01

4. Understanding.

Provide the following information relative to required services:

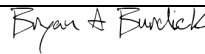
- ☒ Understanding of the work to be done based on this Solicitation.
- ☒ Include issues that you believe will require special consideration for this Project.
- ☒ Identify unique approaches or strengths your company has relative to required services.

5. Approach.

Provide the following information relative to required services:

- ☒ Understanding of the work to be done.
- ☒ Adequacy of labor and resources to satisfactorily perform the requested services and meet the City's needs.
- ☒ Names and titles of key management personnel.
- ☒ Team to be assigned for these services.

Submitted by:

Signature:	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">Bryan A. Burdick, President</div>	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">February 27, 2024</div>
Name/Title Date:		

REQUEST FOR PROPOSALS

for Personnel Budgeting Software

2024.02.01.01

**STANDARD FORM H
FIRM PROPOSAL FORM**

ClearGov, Inc.

(Proposer's Company Name)

FIRM PROPOSAL made by Proposer to the City of Brea:

I, the undersigned, hereby represent and warrant that I am authorized to submit this Proposal on behalf of and to bind the principals who I represent, to all the requirements of the City of Brea's Terms and Conditions, Specifications, Scope or Work, any attachments, exhibits, amendments; and I offer and agree to those requirements at the prices set forth in the Proposal Form.

Further, I understand that no contract exists unless City accepts this Proposal by executing the attached Agreement.

Business Name: ClearGov, Inc.

Business Address: 2 Mill and Main Place, Suite 630, Maynard, MA 01754

Federal ID#: 47-5205793

If any Work is a Public Works

Contractor Lic#: _____ DIR#: _____

Business Type: 2
(Proposer enter a number)

1. Individual/Sole Proprietor or Single-Member LLC; 2. C Corporation;
3. Corporation; 4. Partnership; 5. Trust/Estate; 6. Limited Liability Co.

By: Bryan A Burdick

By: _____

Name: Bryan A. Burdick

Name: _____

Title: President

Title: _____

Email: tbridges@cleargov.com

Email: _____

Date Signed: February 27, 2024

Date Signed: _____

CORPs: Chairperson, President, Vice President

CORPs: Secretary, Assist. Secretary, Chief Finance

LLCs: Manager

Officer, Assist. Treasurer

LLCs: Manager

[Pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), for limited liability companies, both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]



“I’ve enjoyed working with ClearGov. I really am impressed with how the products have been built. It’s amazing that they know very well what we need. Not many do.”

Will Fuentes, CPFO, MBA
Finance Director
Campbell, CA

Service Order

Created by	Joe Eiskant
Contact Phone	607-760-0524
Contact Email	jeiskant@cleargov.com

Order Date	May 7, 2024
Order valid if signed by	May 24, 2024

Customer Information					
Customer	City of Brea	Contact	William Gllardo	Billing Contact	Anthony Godoy
Address	1 Civic Center Circle	Title	City Manager	Title	Senior Management Analyst
City, St, Zip	Brea, CA 92821	Email	billga@cityofbrea.net	Email	anthonyg@cityofbrea.net
Phone	714-990-7600			PO # (If any)	

The Services you will receive and the Fees for those Services are...		
Set up Services	Tier/Rate	Service Fees
ClearGov Setup: Includes activation, onboarding and training for ClearGov solutions	Tier 4	\$ 4,500.00
Total ClearGov Setup Service Fee - Billed ONE-TIME		\$ 4,500.00
Subscription Services	Tier	Service Fees
ClearGov BCM Personnel Budgeting - Civic Edition	Tier 4	\$ 23,100.00
Total ClearGov Subscription Service Fee - Billed ANNUALLY IN ADVANCE		\$ 23,100.00


ClearGov will provide your Services according to this schedule...			
Period	Start Date	End Date	Description
Setup	May 13, 2024	May 13, 2024	ClearGov Setup Services
Initial	May 13, 2024	May 12, 2029	ClearGov Subscription Services

To be clear, you will be billed as follows...		
Billing Date(s)	Amount(s)	Notes
May 13, 2024	\$4,500.00	One Time Setup Fee
May 13, 2024	\$23,100.00	Annual Subscription Fee
May 13, 2025	\$23,793.00	Annual Subscription Fee
May 13, 2026	\$24,506.79	Annual Subscription Fee
May 13, 2027	\$25,241.99	Annual Subscription Fee
May 13, 2028	\$25,999.25	Annual Subscription Fee
Additional subscription years and/or renewals will be billed annually in accordance with pricing and terms set forth herein.		
Billing Terms and Conditions		
Valid Until	May 24, 2024	Pricing set forth herein is valid only if ClearGov Service Order is executed on or before this date.
Payment	Net 30	All invoices are due Net 30 days from the date of invoice.
Initial Period Rate Increase	3% per annum	During the Initial Service Period, the Annual Subscription Service Fee shall automatically increase by this amount.
Rate Increase	6% per annum	After the Initial Service Period, the Annual Subscription Service Fee shall automatically increase by this amount.

General Terms & Conditions	
Customer Satisfaction Guarantee	During the first sixty (60) days of the Service, Customer shall have the option to terminate the Service, by providing written notice. In the event that Customer exercises this customer satisfaction guarantee option, such termination shall become effective immediately and Customer shall be eligible for a full refund of the applicable Service Fees.

Statement of Work	ClearGov and Customer mutually agree to the ClearGov Service activation and onboarding process set forth in the attached Statement of Work. Please note that ClearGov will not activate and/or implement services for any Customer with outstanding balance past due over 90 days for any previous subscription services.
Taxes	The Service Fees and Billing amounts set forth above in this ClearGov Service Order DO NOT include applicable taxes. In accordance with the laws of the applicable state, in the event that sales, use or other taxes apply to this transaction, ClearGov shall include such taxes on applicable invoices and Customer is solely responsible for such taxes, unless documentation is provided to ClearGov demonstrating Customer's exemption from such taxes.
Term & Termination	Subject to the termination rights and obligations set forth in the ClearGov BCM Service Agreement, this ClearGov Service Order commences upon the Order Date set forth herein and shall continue until the completion of the Service Period(s) for the Service(s) set forth herein. Each Service shall commence upon the Start Date set forth herein and shall continue until the completion of the applicable Service Period. To be clear, Customer shall have the option to Terminate this Service Order on an annual basis by providing notice at least sixty (60) days prior to the end of the then current Annual Term.
Auto-Renewal	After the Initial Period, the Service Period for any ClearGov Annual Subscription Services shall automatically renew for successive annual periods (each an "Annual Term"), unless either Party provides written notice of its desire not to renew at least sixty (60) days prior to the end of the then current Annual Term.
Appropriations	ClearGov acknowledges that this Service Order is subject to ongoing appropriations by Customer's applicable appropriating body and/or board of directors.
Agreement	The signature below affirms your commitment to pay for the Service(s) ordered in accordance with the terms set forth in this ClearGov Service Order and also acknowledges that you have read and agree to the terms and conditions set forth in the attached BCM Service Agreement. This Service Order incorporates by reference the terms of such BCM Service Agreement. In event of any conflict between the terms set forth in this ClearGov Service Order and any terms or conditions set forth in the ClearGov BCM Service Agreement, the terms of this ClearGov Service Order shall prevail.

Customer	
Signature	
Name	William Gllardo
Title	City Manager

ClearGov, Inc.	
Signature	
Name	Bryan A. Burdick
Title	President

Please e-mail signed Service Order to Orders@ClearGov.com or Fax to (774) 759-3045

Customer Upgrades (ClearGov internal use only)			
This Service Order is a Customer Upgrade	No	If Yes: Original Service Order Date	

Statement of Work

This Statement of Work outlines the roles and responsibilities by both ClearGov and Customer required for the activation and onboarding of the ClearGov Service. ClearGov will begin this onboarding process upon execution of this Service Order. All onboarding services and communications will be provided through remote methods - email, phone, and web conferencing.

ClearGov Responsibilities

- ClearGov will activate ClearGov Service subscription(s) as of the applicable Start Date(s). ClearGov will create the initial Admin User account, and the Customer Admin User will be responsible for creating additional User accounts.
- ClearGov will assign an Implementation Manager (IM) responsible for managing the activation and onboarding process. ClearGov IM will coordinate with other ClearGov resources, as necessary.
- ClearGov IM will provide a Kickoff Call scheduling link to the Customer's Primary Contact. Customer should schedule Kickoff Call within two weeks after the Service Order has been executed.
- If Customer is subscribing to any products that require data onboarding:
 - ClearGov IM will provide a Data Discovery Call scheduling link to the Customer's Primary Contact. Customer should schedule Data Discovery Call based on the availability of Customer's staff.
 - ClearGov will provide Customer with financial data requirements and instructions, based on the ClearGov Service subscription(s).
 - ClearGov will review financial data files and confirm that data is complete, or request additional information, if necessary. Once complete financial data files have been received, ClearGov will format the data, upload it to the ClearGov platform and complete an initial mapping of the data.
 - After initial mapping, ClearGov will schedule a Data Review call with a ClearGov Data Onboarding Consultant (DOC), who will present how the data was mapped, ask for feedback, and address open questions. Depending upon Customer feedback and the complexity of data mapping requests, there may be additional follow-up calls or emails required to complete the data onboarding process.
- ClearGov will inform Customer of all training, learning, and support options. ClearGov recommends all Users attend ClearGov Academy training sessions and/or read Support Center articles before using the ClearGov Service to ensure a quick ramp and success. As needed, ClearGov will design and deliver customized remote training and configuration workshops for Admins and one for End Users - via video conference - and these sessions will be recorded for future reference.
- ClearGov will make commercially reasonable efforts to complete the onboarding/activation process in a timely fashion, provided Customer submits financial data files and responds to review and approval requests by ClearGov in a similarly timely fashion. Any delay by Customer in meeting these deliverable requirements may result in a delayed data onboarding process. Any such delay shall not affect or change the Service Period(s) as set forth in the applicable Service Order.

Customer Responsibilities

- Customer's Primary Contact will coordinate the necessary personnel to attend the Kickoff and Data Discovery Calls within two weeks after the Service Order has been executed. If Customer needs to change the date/time of either of these calls, the Primary Contact will notify the ClearGov IM at least one business day in advance.
- If Customer is subscribing to any products that require data onboarding:
 - Customer will provide a complete set of requested financial data files (revenue, expense, chart of accounts, etc.) to ClearGov in accordance with the requirements provided by ClearGov.
 - Customer's Primary Contact will coordinate the necessary personnel to attend the Data Discovery and Data Review calls. It is recommended that all stakeholders with input on how data should be mapped should attend. Based on these calls and any subsequent internal review, Customer shall provide a detailed list of data mapping requirements and requested changes to data mapping drafts in a timely manner, and Customer will approve the final data mapping, once completed to Customer's satisfaction.
- Customer will complete recommended on-demand training modules in advance of customized training & configuration workshops.
- Customer shall be solely responsible for importing and/or inputting applicable text narrative, custom graphics, performance metrics, capital requests, personnel data, and other such information for capital budget, personnel budget, budget books, projects, dashboards, etc.

Agreement No. 2024.02.06.01
Software as a Service Agreement

This agreement ("Agreement") is entered into and is effective as of May 21, 2024 ("Effective Date"), by and between the City of Brea, located at 1 Civic Center Circle, Brea, California, 92821 ("City") and ClearGov Inc. a Corporation located at 2 Mill and Main Place, Suite 630, Maynard, MA 01754 ("Service Provider")

RECITALS

WHEREAS, City requires third-party hosted "software as a service" services, as further described herein, with respect to certain of its information technology needs;

WHEREAS, City requested a proposal from Service Provider for such services;

WHEREAS, Service Provider has experience and expertise in the business of providing the required services;

WHEREAS, Service Provider submitted a proposal to City to perform such services on behalf of City;

WHEREAS, based on Service Provider's superior knowledge and experience relating to the required services, City has selected Service Provider to provide and manage the services;

WHEREAS, Service Provider wishes to perform the required services and acknowledges that the successful performance of the services and the security and availability of City's data are critical to the operation of City's business; and,

WHEREAS, Service Provider has agreed to provide the required services to City, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and representations set forth in this Agreement, the parties hereby agree as follows:

AGREEMENT

1. The Services. This Agreement sets forth the terms and conditions under which Service Provider agrees to license to City certain hosted software and provide all other services necessary for productive use of such software including customization, integration, user identification, password change management, data import, data export, technical support, maintenance, training, backup and recovery, change management (collectively, the "Services") as further set forth in Exhibit "A" attached hereto.

1.1 Authorized Users. Unless otherwise limited herein, Service Provider grants City a renewable, irrevocable, nonexclusive, royalty-free, and worldwide right and license for any City employee, contractor, or agent, or any other individual or entity authorized by City, (each, an "Authorized User") to access and use the Services. Other than any limitations otherwise described herein, Authorized Users will have no other limitations on their access to or use of the Services.

Agreement No. 2024.02.06.01
Software as a Service Agreement

- 1.2 Acknowledgement of License Grant. For the purposes of 11 U.S.C. § 365(n), the parties acknowledge and agree that this Agreement constitutes a grant of license to use intellectual property in software form, to City by Service Provider.
- 1.3 Changes in Number of Authorized Users. City is entitled to increase or decrease the initial number of Authorized Users ("Minimum Commitment"), on an as-requested basis; provided, however, that City shall maintain the Minimum Commitment unless the parties otherwise agree to adjust the Minimum Commitment. Should City elect to change the number of Authorized Users, Service Provider shall reduce or increase Authorized Users specified in Exhibit A and adjust the prospective Services Fees accordingly no later than five (5) business days from City's written request.
- 1.4 Control and Location of Services. The method and means of providing the Services shall be under the exclusive control, management, and supervision of Service Provider, giving due consideration to the requests of City. Cloud based storage shall not be utilized without the City's prior, written consent. Any and all permitted cloud storage shall be in compliance with ISO/IEC 27001 - 27018, as applicable, or successor standards thereto. Except as otherwise expressly set forth in Exhibit A, the Services (including all data storage), shall be provided solely from within the continental United States and on computing and data storage devices residing therein, and all such locations shall be disclosed to City annually and within thirty (30) days of the effective date of this Agreement.
- 1.4.1 Subcontractors. Service Provider shall not enter into any subcontracts for the performance of the Services, or assign or transfer any of its rights or obligations under this Agreement, without City's prior written consent and any attempt to do so shall be void and without further effect and shall be a material breach of this Agreement. Service Provider's use of subcontractors shall not relieve Service Provider of any of its duties or obligations under this Agreement.
- 1.4.2 Offensive or Disparaging Content. Where the Services or any web services affiliated with the Services contain offensive content or portray City in a disparaging way, either as solely determined by City, Service Provider shall immediately remove the offensive or disparaging content and City shall have the right, at City's sole election, to: (a) immediately terminate this Agreement or any portion thereof corresponding to the offending or disparaging content, and be entitled to a return of any prepaid fees, as liquidated damages and not as a penalty; or, (b) obtain or retain, as the case may be, all fees paid or payable for the entire period of the then-current term, as liquidated damages and not as a penalty, associated with that portion of this Agreement corresponding to the offending or disparaging content.
- 1.4.3 Storage Provider Name, Cloud Location, State Location and Data Separation. The Storage Provider Name is Amazon Web Services (AWS); and the Storage Cloud Location is the United States; and Storage Server Locations in the

Agreement No. 2024.02.06.01
Software as a Service Agreement

States of North Virginia, Ohio, Northern California, and Oregon. City Data must be stored separate from all other Client data or City Data may be comingled with other Client data.

- 1.5 Storage. The Services shall include the applicable allocation of base data storage as described in Exhibit A, if any. Service Provider shall immediately notify City when City has reached eighty percent (80%) of City's then-current data storage maximum. Within five (5) calendar days of City's request, Service Provider shall make additional data storage available to City at the rates described in Attachment 1 to Exhibit A.
- 1.6 Development and Test Environments. In addition to production use of the Services, City is entitled to one development and one test environment for use by Authorized Users at no additional charge. Such non-production environments shall have the same data storage and processing capacities as the production environment. Service Provider shall cooperate with City's requests in managing the non-production environments such as refreshing City Data upon request.
- 1.7 Documentation. The documentation for the Services ("Documentation") will accurately and completely describe the functions and features of the Services, including all subsequent revisions thereto. The Documentation shall be understandable by a typical end user and shall provide Authorized Users with sufficient instruction such that an Authorized User can become self-reliant with respect to access and use of the Services. City shall have the right to make any number of additional copies of the Documentation at no additional charge.
- 1.8 Changes in Functionality. During the term of this Agreement, Service Provider shall not reduce or eliminate functionality in the Services. Where Service Provider has reduced or eliminated functionality in the Services, City, at City's sole election and in City's sole determination, shall: (a) have, in addition to any other rights and remedies under this Agreement or at law, the right to immediately terminate this Agreement and be entitled to a return of any prepaid fees; or, (b) determine the value of the reduced or eliminated functionality and Service Provider will immediately adjust the Services Fees accordingly on a prospective basis. Where Service Provider has introduced like functionality in other services, City shall have an additional license and subscription right to use and access the new services, at no additional charge, with the same rights, obligations, and limitations as for the Services. Where Service Provider increases functionality in the Services, such functionality shall be provided to City without any increase in the Services Fees.
- 1.9 No Effect of Click-Through Terms and Conditions. Where an Authorized User is required to "click through" or otherwise accept or made subject to any online terms and conditions in accessing or using the Services, such terms and conditions are not binding and shall have no force or effect as to the Services or this Agreement.
- 1.10 Modification of the Services. The City's Director of Information Technology shall be authorized to waive, in writing, any of the Service Provider's obligations with respect

Agreement No. 2024.02.06.01
Software as a Service Agreement

to the Services, where deemed to be in the City's best interests, provided that no such modification shall result in any increase in the amount of the Services Fees.

- 1.11 Compliance with All Laws. In providing the Services, the Service Provider shall comply with any and all applicable local, State and federal laws, statutes, standards, policies, and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996, the Americans with Disabilities Act, the Stored Communications Act, Civil Code Sections 1798.80 through 1798.84, and the California Consumer Privacy Act, Civil Code Section 1798.100, et seq.
2. Service Levels.
- 2.1 Service Levels, Time is of the Essence. For the term of this Agreement, Service Provider shall provide the Services, force majeure events excepted, during the applicable Service Periods and in accordance with the applicable Service Level Standards, each as described in Exhibit A hereto. Time is of the essence in the performance of the Services.
- 2.2 Failure to Meet Service Level Standards. In the event Service Provider does not meet a Service Level Standard, Service Provider shall: (a) owe to City any applicable Performance Credit, as liquidated damages and not as a penalty; and, (b) use its best efforts to ensure that any unmet Service Level Standard is subsequently met.
- Notwithstanding the foregoing, Service Provider will use its best efforts to minimize the impact or duration of any outage, interruption, or degradation of Service. In no case shall City be required to notify Service Provider that a Performance Credit is due as a condition of payment of the same.
- 2.2.1 Termination for Material and Repeated Failures. City shall have, in addition to any other rights and remedies under this Agreement or at law, the right to immediately terminate this Agreement, and be entitled to a return of any prepaid fees where Service Provider fails to meet any Service Level Standard: (a) to such an extent that the City's ability, as solely determined by City, to use the Services is materially disrupted, force majeure events excepted; or, (b) for four (4) months out of any twelve (12) month period.
- 2.3 Audit of Service Levels. No more than quarterly, City or City's agent shall have the right to audit Service Provider's books, records, and measurement and auditing tools to verify Service Level Standard achievement and to determine correct payment of any Performance Credit. Where it is determined that any Performance Credit was due to City but not paid, Service Provider shall immediately owe to City the applicable Performance Credit.

Agreement No. 2024.02.06.01
Software as a Service Agreement

3. Support, Maintenance, Additional Services.

- 3.1 Technical Support. Service Provider shall provide the Technical Support as described in Exhibit A. The Service Fees shall be inclusive of the fees for all Technical Support.
- 3.2 Maintenance. Service Provider shall provide bug fixes, corrections, modifications, enhancements, upgrades, and new releases to the Services to ensure: (a) the functionality of the Services, as described in the Documentation, is available to Authorized Users; (b) the functionality of the Services in accordance with the representations and warranties set forth herein, including but not limited to, the Services conforming in all material respects to the specifications, functions, descriptions, standards, and criteria set forth in Exhibit A and the Documentation; (c) the Service Level Standards can be achieved; and, (d) the Services work with the then-current version and the three prior versions of Internet Explorer, Edge, Mozilla Firefox, and Google Chrome Internet browsers. The Services Fees shall be inclusive of the fees for maintenance.
- 3.2.1 Required Notice of Maintenance. Unless as otherwise agreed to by City on a case-by-case basis, Service Provider shall provide no less than thirty (30) calendar day's prior written notice to City of all non-emergency maintenance to be performed on the Services, such written notice including a detailed description of all maintenance to be performed. For emergency maintenance, Service Provider shall provide as much prior notice as commercially practicable to City and shall provide a detailed description of all maintenance performed no greater than one (1) calendar day following the implementation of the emergency maintenance.
- 3.2.2 Acceptance of Non-Emergency Maintenance. Unless as otherwise agreed to by City on a case-by-case basis, for non-emergency maintenance, City shall have a ten (10) business day period to test any maintenance changes prior to Service Provider introducing such maintenance changes into production (the "Maintenance Acceptance Period"). In the event that City rejects, for good cause, any maintenance changes during the Maintenance Acceptance Period, Service Provider shall not introduce such rejected maintenance changes into production. At the end of the Maintenance Acceptance Period, if City has not rejected the maintenance changes, the maintenance changes shall be deemed to be accepted by City and Service Provider shall be entitled to introduce the maintenance changes into production.
- 3.2.3 Service Outage During Maintenance. Service Provider shall coordinate all maintenance updates to be done after normal business hours unless otherwise approved by City Representative.
- 3.3 Customization/Integration Services. Service Provider shall provide the Customization I Integration Services, if any, described in Exhibit A. The Services Fees shall be

Agreement No. 2024.02.06.01
Software as a Service Agreement

inclusive of the fees for the Customization I Integration Services.

- 3.4 Training Services. Service Provider shall provide the Training Services, if any, described in Exhibit A. The Services Fees shall be inclusive of the fees for the Training Services.
4. Audit Rights of Service Provider. Service Provider shall have no right to conduct an on-premises audit of City's compliance with the use of the Services. No more than once annually, Service Provider shall have the right to request from City its certification of compliance with the permitted number of Authorized Users. Where the actual number of users exceeds the permitted number of Authorized Users, City, at City's sole election shall, within thirty (30) business days: (a) reduce the actual number of users so as to be in compliance with the permitted number of Authorized Users in which case no additional Services Fees shall be due to Service Provider; or, (b) acquire the appropriate number of Authorized Users' licenses at the rate specified in Exhibit A so as to be in compliance with the permitted number of Authorized Users.
5. Change Control Procedure. City may, upon written notice, request changes to the scope of the Services under Exhibit A. If City requests an increase in the scope, City shall notify Service Provider, and, not more than five (5) business days (or other agreed upon period) after receiving the request, Service Provider shall notify City whether or not the change has an associated cost impact. If City approves, City shall issue a change order, which will be executed by the Service Provider. City shall have the right to decrease the scope, and the associated fees will be reduced accordingly.
6. Term and Termination; Renewals.
- 6.1 Term. This Agreement is legally binding as of the Effective Date and shall continue for a five-year term until midnight of May 20, 2029 unless extended, or sooner terminated, as provided for herein.
- 6.2 Termination for Convenience. City may terminate this Agreement and obtain a refund at any time during the initial 60-day Client Satisfaction period. After the expiration of the Client Satisfaction period, the City may terminate this Agreement on an annual basis upon providing not less than sixty (60) days prior written notice to the other party prior to the end of the current Annual Term.
- 6.3 Termination for Cause. Without limiting the right of a party to immediately terminate this Agreement for cause as provided for in this Agreement, if either party materially breaches any of its duties or obligation hereunder and such breach is not cured, or the breaching party is not diligently pursuing a cure to the non-breaching party's sole satisfaction, within thirty (30) calendar days after written notice of the breach, the non-breaching party may terminate this Agreement for cause as of a date specified in such notice.

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- 6.4 Payments Upon Termination for Convenience. Upon the termination of this Agreement, City shall pay to Service Provider all undisputed amounts due and payable hereunder, if any, and Service Provider shall pay to City all amounts due and payable hereunder, such as Performance Credits and prepaid fees, if any. As compensation for any administrative costs incurred by Service Provider due to City's termination for convenience, and unless otherwise agreed upon by the parties, City shall pay, or Service Provider shall retain if fees were prepaid, one (1) months' worth of additional fees calculated pro rata. Any remaining prepaid funds shall be refunded to City.
- 6.5 Return of City Data. Upon the termination of this Agreement, Service Provider shall, within one (1) business day following the termination of this Agreement, provide City, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Service Provider), with a final extract of the City Data in the format specified by City. Further, Service Provider shall certify to City the destruction of any City Data within the possession or control of Service Provider, in accordance with Section 12.5, but such destruction shall occur only after the City Data has been returned to City. This Section shall survive the termination of this Agreement.
- 6.6 Renewals. Should the Services continue beyond the Initial Term, the Services Fees for the Renewal Term may be increased no more than 6.00% percent.
- 6.7 No Automatic Renewals. Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, any terms and conditions of Service Provider attached hereto): (a) in no event shall the term of this Agreement be longer than the initial term expressly stated in this Agreement; (b) any automatic renewal or extension (whether or not conditioned upon any notice or absence thereof from either Party) or any similar "evergreen" provision shall be deemed null and void ab initio; and (c) the term of this Agreement shall not be extended or renewed except by written agreement duly authorized, executed and delivered by City. In the event of any inconsistency within this Agreement relating to the duration of the initial term hereof, the shorter initial term shall govern. If no initial term is stated in this Agreement, then the term shall be one year from the date on which the term commences.
7. Fees; Billing. City shall be responsible for and shall pay to Service Provider the fees as further described in Exhibit A, subject to the terms and conditions contained in this Agreement. Any sum due Service Provider for the Services for which payment is not otherwise specified shall be due and payable thirty (30) business days after receipt by City of an invoice from Service Provider.
- 7.1 Billing Procedures. Service Provider shall bill to City the sums due pursuant to Exhibit A by Service Provider's invoice, which shall contain: (a) City's purchase order number, if any, and Service Provider's invoice number; (b) description of Services for which an amount is due; (c) the fees or portion thereof that are due; (d); taxes, if any; (e); any Performance Credits or other credits; and, (f) total amount due. Service

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- Provider shall forward invoices in hardcopy format to City of Brea, Accounts Payable, 1 Civic Center Circle, Brea, California 92821 or email requesting a read receipt and delivery receipt to AccountsPayable@CityofBrea.net.
- 7.2 Taxes. Service Provider represents and warrants that it is an independent contractor for purposes of federal, state, and local taxes. Service Provider agrees that City is not responsible to collect or withhold any such taxes, including income tax withholding and social security contributions, for Service Provider. Any and all taxes, interest, or penalties, including any federal, state, or local withholding or employment taxes, imposed, assessed, or levied as a result of this Agreement shall be paid or withheld by Service Provider.
- 7.3 Credits. Any amounts due to City, such as a Performance Credit, from Service Provider may be applied by City, at the sole election of City, against any current or future fees due to Service Provider. Any such amounts that are not so applied by City shall be paid to City by Service Provider within thirty (30) calendar days following City's request. This Section shall survive the termination of this Agreement.
- 7.4 Non-Binding Terms. Any terms and conditions included in a Service Provider invoice shall be deemed to be solely for the convenience of the Service Provider, and no such term or condition shall be binding upon the City.
- 7.5 Auditable Records. Service Provider shall maintain accurate records of all fees billable to, and payments made by, City in a format that will permit audit by City for a period of no less than three (3) years from when a fee was incurred or a payment was made. The foregoing obligation of Service Provider shall survive the termination of this Agreement. For the term of this Agreement, upon City's written request, Service Provider shall provide City with a copy of its annual American Institute of Certified Public Accountants Service Organization Control (SOC) 1 type 2 report and SOC 2 type 2 report (for all Trust Services Principles), or successor form of SOC reports.
- 7.6 Billing Reviews by Third Parties. For purposes of determining the competitiveness and appropriateness of fees charged to City by Service Provider, City is entitled to disclose to a third-party this Agreement, and any other data pertaining to fees paid or payable by City to Service Provider.
- 7.7 No Suspension of Services. Service Provider shall not suspend any part of the Services where: (a) City is reasonably disputing any amount due to Service Provider; or, (b) any unpaid but undisputed amount due to Service Provider is less than ninety (90) business days in arrears.
8. Representations and Warranties.
- 8.1 Mutual. City and Service Provider each represent and warrant that:

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- 8.1.1 City is a public entity, and Service Provider is a business, duly incorporated or established, validly existing, and in good standing under the laws of its state of incorporation;
 - 8.1.2 it has all requisite power, financial capacity, and authority to execute, deliver, and perform its obligations under this Agreement;
 - 8.1.3 the execution, delivery, and performance of this Agreement has been duly authorized by it and this Agreement constitutes the legal, valid, and binding agreement of it and is enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganizations, moratoriums, and similar laws affecting creditors' rights generally and by general equitable principles;
 - 8.1.4 it shall comply with all applicable federal, state, local, or other laws and regulations applicable to the performance by it of its obligations under this Agreement and shall obtain all applicable permits and licenses required of it in connection with its obligations under this Agreement; and,
 - 8.1.5 there is no outstanding litigation, arbitrated matter or other dispute to which it is a party which, if decided unfavorably to it, would reasonably be expected to have a potential or actual material adverse effect on its ability to fulfill its obligations under this Agreement.
- 8.2 By Service Provider. Service Provider represents and warrants that:
- 8.2.1 it is in the business of providing the Services;
 - 8.2.2 the Services are fit for the ordinary purposes for which they will be used;
 - 8.2.3 it is possessed of superior knowledge with respect to the Services;
 - 8.2.4 it acknowledges that City is relying on its representation of its experience and expert knowledge, and that any substantial misrepresentation may result in damage to City;
 - 8.2.5 it knows the particular purpose for which the Services are required by City;
 - 8.2.6 it is the lawful licensee or owner of the Services (excluding any City Data therein) and has all the necessary rights in the Services to provide the Services to City;
 - 8.2.7 the Services and any other work performed by Service Provider hereunder shall not infringe upon any United States or foreign copyright, patent, trade secret, or other intellectual proprietary right, or misappropriate any trade secret, of any third-party, and that it has neither assigned nor otherwise

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entered into an agreement by which it purports to assign or transfer any right, title, or interest to any technology or intellectual property right that would conflict with its obligations under this Agreement;

- 8.2.8 it shall disclose any third-party (which shall, for purposes of this Agreement, be deemed a subcontractor) whose intellectual property is incorporated into the Services or who is necessary for the performance of the Services and it shall maintain in-force written agreements with such third-party, if any, for the term of this Agreement;
- 8.2.9 it has the expertise to perform the Services in a competent, workmanlike, and professional manner and in accordance with the highest professional standards;
- 8.2.10 it will use its best efforts, but not less than commercially reasonable efforts, to ensure that no computer viruses, worms, malware, or similar items (collectively, a "Virus") are introduced into City's computing and network environment by the Services, and that, where it transfers a Virus to City through the Services, it shall reimburse City the actual, documented cost incurred by City to remove or recover from the Virus, including the costs of persons employed by City to perform such services;
- 8.2.11 the Services are free of any mechanism which may disable the Services and Service Provider warrants that no loss of City Data will result from such items if present in the Services;
- 8.2.12 in the case of City's reasonable dispute of any Service Provider invoice, it shall not withhold the performance of Services, including, without limitation, access and use of the Services, Technical Support, Maintenance, and extract of City Data; and,
- 8.2.13 the Services will conform in all material respects to the specifications, functions, descriptions, standards, and criteria set forth in Exhibit A and the Documentation.

9. City Data.

- 9.1 Ownership. City's data ("City Data," which shall also be known and treated by Service Provider as Confidential Information) shall include: (a) City's data collected, accessed, used, processed, stored, or generated as the result of the City's use of the Services; and, (b) personally identifiable information ("PII") collected, used, processed, stored, or generated as the result of the use of the Services, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with

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any other of the elements listed herein. Except where subject to a third party's intellectual property rights, all City Data is and shall remain the sole and exclusive property of City and all right, title, and interest in the same belongs to City. This Section shall survive the termination of this Agreement.

- 9.2 Service Provider Use of City Data. Service Provider is provided a limited license to access City Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display City Data only to the extent necessary in the providing of the Services. Service Provider shall: (a) keep and maintain City Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Agreement and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose City Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Agreement, and applicable law; (c) allow access to City Data only to those employees of Service Provider who are directly involved with and responsible for providing the Services; and, (d) not use, sell, rent, transfer, distribute, or otherwise disclose or make available City Data for Service Provider's own purposes or for the benefit of anyone other than City without City's prior written consent. This Section shall survive the termination of this Agreement.
- 9.3 Access to and Extraction of City Data. City shall have full and complete access to, and ability to download, its City Data 24 hours per day, 7 days per week, except during authorized periods of maintenance by Service Provider. Further, Service Provider shall, within one (1) business day of City's request, provide City, without charge and without any conditions or contingencies whatsoever (including, but not limited to, the payment of any fees due to Service Provider), an extract of the City Data in the format specified by City. In the event City gives Service Provider written notice of a "litigation hold", then as to all data identified in such notice, Service Provider shall, at no additional cost to City, isolate and preserve all such data pending receipt of further direction from the City.
- 9.4 Backup and Recovery of City Data. As a part of the Services, Service Provider is responsible for maintaining a backup of City Data and for an orderly and timely recovery of such data in the event that the Services may be interrupted. Unless otherwise described in Exhibit A, Service Provider shall maintain a contemporaneous backup of City Data that can be recovered within two (2) hours at any point in time. Additionally, Service Provider shall store a backup of City Data in an off-site (but within the continental United States) "hardened" facility no less than daily, maintaining the security of City Data, the security requirements of which are further described herein. Any backups of City Data shall not be considered in calculating storage used by City.
- 9.5 Loss or Unauthorized Access to Data. In the event of any act, error or omission, negligence, misconduct, or breach that permits any unauthorized access to, or that compromises or is suspected to compromise the security, confidentiality, or integrity

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of City Data or the physical, technical, administrative, or organizational safeguards put in place by Service Provider that relate to the protection of the security, confidentiality, or integrity of City Data, Service Provider shall, as applicable: (a) notify City as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with City in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by City; (c) in the case of PII, at City's sole election, (i) notify the affected individuals who comprise the PII as soon as practicable but no later than is required to comply with applicable law including, but not limited to, the provisions of California Civil Code Section 1798.82, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or, (ii) reimburse City for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twelve (12) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting City's obligations of indemnification as further described in this Agreement, indemnify, defend, and hold harmless City for any and all Claims (as defined herein), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from City in connection with the occurrence up to the limits of Service Provider's Cyber Liability policy required herein; (g) be responsible for recreating lost City Data in the manner and on the schedule set by City without charge to City; and, (h) provide to City a detailed plan within ten (10) calendar days of the occurrence describing the measures Service Provider will undertake to prevent a future occurrence. Notification to affected individuals, as described above, shall comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Service Provider's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Service Provider has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Service Provider. This Section shall survive the termination of this Agreement.

10. Nondisclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section shall survive the termination of this Agreement.

10.1 Meaning of Confidential Information. For the purposes of this Agreement, the term "Confidential Information" shall mean all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or

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- with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) already in the possession of the receiving party without an obligation of confidentiality; (b) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (c) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (d) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Agreement, in all cases and for all matters, City Data shall be deemed to be Confidential Information.
- 10.2 Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Agreement or to use such Confidential Information for any purposes whatsoever other than the performance of this Agreement, or as required by law. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential.
- 10.3 Cooperation to Prevent Disclosure of Confidential Information. Each party shall use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party shall advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Agreement and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- 10.4 Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of City, at the sole election of City, the immediate termination, without liability to City, of this Agreement.
- 10.5 Surrender of Confidential Information upon Termination. Upon termination or expiration of this Agreement, in whole or in part, each party shall, within five (5) calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which is in such party's possession, custody, or control; provided, however, that Service Provider shall return City Data to City

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following the timeframe and procedure described further in this Agreement. Should Service Provider or City determine that the return of any City Data or non-City Data Confidential Information is not feasible, Service Provider shall destroy the data comprising such Confidential Information in compliance with the most current version of NIST standard SPB00-88, or other standard acceptable to the City, and shall certify the same in writing within five (5) calendar days from the date of termination to the other party.

11. Data Privacy and Information Security.

- 11.1 Undertaking by Service Provider. Without limiting Service Provider's obligation of confidentiality as further described herein, Service Provider shall be responsible for establishing, maintaining, and providing a written description to City of, a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the City Data; (b) protect against any anticipated threats or hazards to the security or integrity of the City Data; (c) protect against unauthorized disclosure, access to, or use of the City Data; (d) ensure the proper disposal of City Data; and, (e) ensure that all employees, agents, and subcontractors of Service Provider, if any, comply with all of the foregoing. In no case shall the safeguards of Service Provider's data privacy and information security program used to protect City Data be less stringent than the safeguards used by Service Provider for its own data.

If the Services include handling credit card information, then the Service Provider shall comply at all times with all applicable Payment Card Industry Data Security Standards (PCI-DSS). Service Provider agrees and warrants that it is responsible for the security of "cardholder data" that Service Provider possesses, stores, processes or transmits on behalf of the City, and for any impact on the security of City's cardholder data environment adversely affected by any failure of Company to maintain compliance with provisions of the PCI-DSS applicable to the Services.

At all times herein, Services Provider shall maintain, handle, transmit, and store City Data in encrypted form meeting the requirements of Federal Information Processing Standard (FIPS) 140-2, or otherwise as required by the City.

- 11.2 Audit by Service Provider. No less than annually, Service Provider shall conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to City.
- 11.3 Right of Audit by City. Without limiting any other audit rights of City, City shall have the right to review Service Provider's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Agreement. During the providing of the Services, on an ongoing basis from time to time and without notice, City, at its own expense, shall be entitled to perform, or to have performed, an on-site audit of Service Provider's data privacy and

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information security program. In lieu of an on-site audit, upon request by City, Service Provider agrees to complete, within forty-five (45 days) of receipt, an audit questionnaire provided by City regarding Service Provider's data privacy and information security program.

11.4 Audit Findings. Service Provider shall implement any required safeguards as identified by City or by any audit of Service Provider's data privacy and information security program.

11.5 City's Right to Termination for Deficiencies. City reserves the right, at its sole election, to immediately terminate this Agreement without limitation and without liability if City reasonably determines that Service Provider fails or has failed to meet its obligations under this Section.

12. Proprietary Rights.

12.1 Pre-Existing Materials. City acknowledges that, in the course of performing the Services, Service Provider may use software and related processes, instructions, methods, and techniques that have been previously developed by Service Provider (collectively, the "Pre-existing Materials," which shall include the Services) and that the same shall remain the sole and exclusive property of Service Provider.

12.2 No License. Except as expressly set forth herein, no license is granted by either party to the other with respect to the Confidential Information or Pre-existing Materials. Nothing in this Agreement shall be construed to grant to either party any ownership or other interest, in the Confidential Information or Pre-existing Materials, except as may be provided under a license specifically applicable to such Confidential Information or Pre-existing Materials.

12.3 The provisions of this Section shall survive the termination of this Agreement.

13. Indemnification, Limitation of Liability, Insurance.

13.1 General Indemnification. To the maximum extent permitted by law, Service Provider agrees to indemnify, defend, and hold harmless City and its elected officials, officers, directors, agents, attorneys and employees (each, an "Indemnitee") from and against any and all liabilities, damages, losses, expenses, claims, demands, suits, fines, or judgments (each, a "Claim," and collectively, the "Claims"), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, incurred by, accrued against, charged to, or recoverable from any Indemnitee, by reason of any Claim arising out of or relating to any act, error or omission, negligence, or misconduct of Service Provider, its officers, directors, agents, employees, and subcontractors, during the performance of this Agreement, including, without limitation, Claims arising out of or relating to: (a) bodily injury (including death) or damage to tangible personal or real property; (b) any payment required to be paid to subcontractors, if any, of Service Provider; (c) any material misrepresentation

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or breach of warranty of any representation or warranty set forth in this Agreement; or, (d) any material breach of any covenant set forth in this Agreement; provided, however, that the foregoing indemnity shall not apply to the extent that the applicable Claim resulted from the acts or omissions of an Indemnitee.

To the maximum extent permitted by law, Service Provider shall indemnify, defend and hold each of the Indemnitees free and harmless, and pay reasonable attorneys' fees and costs, with respect to any and all Claims to the extent arising out of, related to, or incurred in connection with any destruction, or unauthorized access, use, or theft of City Data (collectively, "cyber theft") provided, however, that Service Provider's liability for cyber theft shall be limited to the cyber liability insurance policy limits set forth in this Agreement.

- 13.2 Proprietary Rights Indemnification. Service Provider agrees to indemnify, defend, and hold harmless Indemnitees from and against any and all Claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, incurred by, accrued against, charged to, or recoverable from any Indemnitee, by reason of any Claim arising out of or relating to the Services allegedly or actually infringing or misappropriating any United States or foreign patent, copyright, trade secret, trademark, or other proprietary right. In the event that Service Provider is enjoined from providing the Services and such injunction is not dissolved within thirty (30) calendar days, or in the event that City is adjudged, in any final order of a court of competent jurisdiction from which no appeal is taken, to have infringed upon or misappropriated any patent, copyright, trade secret, trademark, or other proprietary right in the access or use of the Services, then Service Provider shall, at its expense: (a) obtain for City the right to continue using such Services; (b) replace or modify such Services so that they do not infringe upon or misappropriate such proprietary right and is free to be used by City; or, (c) in the event that Service Provider is unable or determines, in its reasonable judgment, that it is commercially unreasonable to do either of the aforementioned, Service Provider shall reimburse to City any prepaid fees and the full cost associated with any Transition Services.
- 13.3 Indemnification Procedures. Promptly after receipt by City of a threat, notice, or filing of any Claim against an Indemnitee, City shall give notice thereof to Service Provider, provided that failure to give or delay in giving such notice shall not relieve Service Provider of any liability it may have to the Indemnitee except to the extent that Service Provider demonstrates that the defense of the Claim is prejudiced thereby. Service Provider shall have sole control of the defense and of all negotiations for settlement of a Claim and City shall not independently defend or respond to a Claim; provided, however, that: (a) City may defend or respond to a Claim, at Service Provider's expense, if City's counsel determines, in its sole discretion, that such defense or response is necessary to preclude a default judgment from being entered against an Indemnitee; and, (b) City shall have the right, at its own expense, to monitor Service Provider's defense of a Claim. At Service Provider's request, City shall reasonably cooperate with Service Provider in defending against or settling a Claim; provided, however, that Service Provider shall reimburse City for all

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- reasonable out-of-pocket costs incurred by City (including, without limitation, reasonable attorneys' fees and expenses) in providing such cooperation.
- 13.4 Third Party Beneficiaries. Nothing, express or implied, in this Agreement is intended to benefit, or to create or be construed to create any rights of enforcement in any persons or entities who are neither signatories to this Agreement nor Indemnitees.
- 13.5 Limitation of Liability. NOTWITHSTANDING ANY OTHER PROVISION SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL, AND / OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING EXCULPATION OF LIABILITY SHALL NOT APPLY WITH RESPECT TO DAMAGES INCURRED AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY. A PARTY SHALL BE LIABLE TO THE OTHER FOR ANY DIRECT DAMAGES ARISING OUT OF OR RELATING TO ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE LIABILITY OF A PARTY, WHETHER BASED ON AN ACTION OR CLAIM IN CONTRACT, EQUITY, NEGLIGENCE, TORT, OR OTHERWISE FOR ALL EVENTS, ACTS, OR OMISSIONS UNDER THIS AGREEMENT SHALL NOT EXCEED THE FEES PAID OR PAYABLE UNDER THIS AGREEMENT, AND PROVIDED, FURTHER, THAT THE FOREGOING LIMITATIONS SHALL NOT APPLY TO: (A) A PARTY'S OBLIGATIONS OF INDEMNIFICATION, AS FURTHER DESCRIBED IN THIS AGREEMENT; (B) DAMAGES CAUSED BY A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; OR, (C) A PARTY'S BREACH OF ITS OBLIGATIONS OF CONFIDENTIALITY, AS FURTHER DESCRIBED IN THIS AGREEMENT. This Section shall survive the termination of this Agreement.
- 13.6 Insurance. Unless otherwise approved in writing by City's risk manager, Service Provider shall, at its own expense, procure and maintain in full force and effect during the term of this Agreement, policies of insurance, of the types and in the minimum amounts as follows, with responsible insurance carriers duly admitted and qualified in California covering the operations of Service Provider, pursuant to this Agreement: commercial general liability (\$1,000,000 per occurrence, \$2,000,000 aggregate); excess liability (\$2,000,000 per occurrence, \$2,000,000 aggregate); workers' compensation (not required for this agreement) and employers' liability (not required for this agreement); cyber liability (\$2,000,000 per occurrence) providing protection against claims and liabilities arising from; (i) errors and omissions in connection with maintaining security of City Data; (ii) data breach including theft, destruction, and/or unauthorized use of City Data; (iii) identity theft including bank charges assessed; and (iv) violation of privacy rights due to a breach of City Data; and professional liability (\$1,000,000 per occurrence, \$1,000,000 aggregate). Any of the foregoing policy limits shall be subject to modification by the City's risk manager upon thirty (30) days prior, written notice to Service Provider, and at any time prior to commencement of the Services.

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The Indemnitees shall be named as additional insureds in the commercial general, cyber, and excess liability policies which shall contain standard cross liability clauses. Service Provider shall cause the liability it assumed under this Agreement to be specifically insured under the contractual liability section of the liability insurance policies. The liability policies shall be primary without right of contribution from any Indemnatee, and Service Provider waives all rights of subrogation with respect to said policies. Such policies shall require that City be given no less than (30) calendar days prior written notice of any cancellation thereof or material change therein. City shall have the right to request an adjustment of the limits of liability for commercial general, cyber, and excess liability, and/or professional liability insurance as Service Provider's exposure to City increases. Service Provider shall provide City with certificates of insurance and original endorsements, evidencing all of the above coverage, including all special requirements specifically noted above, and shall provide City with certificates of insurance evidencing renewal or substitution of such insurance thirty (30) calendar days prior to the effective date of such renewal or substitution.

14. General.

- 14.1 Relationship between City and Service Provider. Service Provider represents and warrants that it is an independent contractor with no authority to contract for City or in any way to bind or to commit City to any agreement of any kind or to assume any liabilities of any nature in the name of or on behalf of City. Under no circumstances shall Service Provider, or any of its staff, if any, hold itself out as or be considered an agent employee, joint venture, or partner of City. In recognition of Service Provider's status as an independent contractor, City shall carry no Workers' Compensation insurance or any health or accident insurance to cover Service Provider or Service Provider's agents or staff, if any. City shall not pay any contributions to Social Security, unemployment insurance, federal or state withholding taxes, any other applicable taxes whether federal, state, or local, nor provide any other contributions or benefits which might be expected in an employer-employee relationship. Neither Service Provider nor its staff, if any, shall be eligible for, participate in, or accrue any direct or indirect benefit under any other compensation, benefit, or pension plan of City.
- 14.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the federal laws of the United States of America. Service Provider hereby consents and submits to the jurisdiction and forum of the state and federal courts in the County of Orange, State of California, in all questions and controversies arising out of this Agreement.
- 14.3 Attorney's Fees and Costs. In any arbitration, litigation, or other proceeding, informal or formal, by which one party either seeks to enforce this Agreement or seeks a declaration of any rights or obligations under this Agreement, the non-prevailing party shall pay the prevailing party's costs and expenses, including but not limited to, reasonable attorneys' fees.

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- 14.4 Compliance with Laws, City Policies and Procedures. Both parties agree to comply with all applicable federal, state, and local laws, executive orders and regulations issued, where applicable. Service Provider shall comply with City policies and procedures where the same are posted, conveyed, or otherwise made available to Service Provider.
- 14.5 Cooperation. Where agreement, approval, acceptance, consent or similar action by either party hereto is required by any provision of this Agreement, such action shall not be unreasonably delayed or withheld. Each party will cooperate with the other by, among other things, making available, as reasonably requested by the other, management decisions, information, approvals, and acceptances in order that each party may properly accomplish its obligations and responsibilities hereunder. Service Provider will cooperate with any City supplier performing services, and all parties supplying hardware, software, communication services, and other services and products to City, including, without limitation, the Successor Service Provider. Service Provider agrees to cooperate with such suppliers, and shall not commit or permit any act which may interfere with the performance of services by any such supplier.
- 14.6 Force Majeure, Excused Performance. Neither party shall be liable for delays or any failure to perform the Services or this Agreement due to causes beyond its reasonable control. Such delays include, but are not limited to, fire, explosion, flood or other natural catastrophe, governmental legislation, acts, orders, or regulation, strikes or labor difficulties, to the extent not occasioned by the fault or negligence of the delayed party. Any such excuse for delay shall last only as long as the event remains beyond the reasonable control of the delayed party. However, the delayed party shall use its best efforts to minimize the delays caused by any such event beyond its reasonable control. Where Service Provider fails to use its best efforts to minimize such delays, the delays shall be included in the determination of Service Level achievement. The delayed party must notify the other party promptly upon the occurrence of any such event, or performance by the delayed party will not be considered excused pursuant to this Section, and inform the other party of its plans to resume performance. A force majeure event does not excuse Service Provider from providing Services and fulfilling its responsibilities relating to the requirements of backup and recovery of City Data. In no event shall any of the following constitute a force majeure event: (a) failure, inadequate performance, or unavailability of Service Provider's subcontractors, if any; or, (b) configuration changes, other changes, Viruses, or other errors or omissions introduced, or permitted to be introduced, by Service Provider that result in an outage or inability for City to access or use the Services. Within thirty (30) calendar days following the Effective Date and on an annual basis thereafter until the termination of this Agreement, Service Provider shall provide its then-current business continuity plan ("Business Continuity Plan") to City upon City's request. The Business Continuity Plan shall include: (a) Services and City Data backup and recovery procedures, including procedures and resources for disaster recovery; (b) fail-over procedures; and, (c) how Service Provider will interact with its business continuity suppliers, if any. Service Provider shall test its Business

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Continuity Plan on an annual basis until the termination of this Agreement and shall provide the test results to City upon City's request.

- 14.7 Advertising and Publicity. Service Provider shall not refer to City directly or indirectly in any advertisement, news release, or publication, or use any City logo, seal or mark, without prior written approval from City.
- 14.8 No Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect that party's right to enforce such provisions, nor shall the waiver by either party of any breach of any provision of this Agreement be taken or held to be a waiver of any further breach of the same provision.
- 14.9 Notices. Any notice given pursuant to this Agreement shall be in writing and shall be given by personal service or by United States certified mail, return receipt requested, postage prepaid to the addresses appearing at the end of this Agreement, or as changed through written notice to the other party. Notice given by personal service shall be deemed effective on the date it is delivered to the addressee, and notice mailed shall be deemed effective on the third day following its placement in the mail addressed to the addressee.

City

City of Brea
1 Civic Center Circle
Brea, CA 92821

Anthony Godoy
AnthonyG@CityofBrea.net
(714) 990-7713

Service Provider

ClearGov, Inc.
2 Mill and Main Place, Suite 630
Maynard, MA 01754

Legal Notices

Legal@ClearGov.com
(855) 553-2715

- 14.10 Assignment of Agreement. Service Provider may not assign this Agreement in whole or in part to any third party without the prior written consent of the City; provided, however, Service Provider may assign this Agreement without such consent to any subsidiary or parent company of Service Provider or to any successor by way of any merger, consolidation or other corporate reorganization of Service Provider or sale of all or substantially all of the assets of Service Provider or to an entity that assumes, by sale, license or otherwise, the business activities that are the subject of this Agreement, provided that such a subsidiary or parent company or successor assumes or is otherwise fully bound by all of the obligations of Service Provider under this Agreement. Should such assignment occur, Service Provider shall provide prior written notice to the City and the acquiring entity shall agree in writing to the terms of this Agreement.

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14.11 Time is of the Essence. Time is of the essence in every provision of this Agreement in which time for performance is a factor.

14.12 Counterparts, Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The parties agree that a facsimile signature may substitute for and have the same legal effect as the original signature.

14.13 Entire Agreement. This Agreement and any and all attached exhibits, each of which is incorporated by reference herein, constitute the entire agreement between the parties and supersede any and all previous representations, understandings, or agreements between City and Service Provider as to the subject matter hereof. No representation or promise not expressly set forth herein shall be binding. The provisions of this Agreement shall govern over any inconsistent or conflicting provisions contained in any exhibit hereto. This Agreement may only be amended by an instrument in writing signed by the parties. This Agreement shall be construed without regard to the party that drafted it.

Any ambiguity shall not be interpreted against either party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

14.14 Cumulative Remedies. All rights and remedies of City herein shall be in addition to all other rights and remedies available at law or in equity, including, without limitation, specific performance against Service Provider for the enforcement of this Agreement, and temporary and permanent injunctive relief.

[SIGNATURES ON FOLLOWING PAGE]

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Executed on the dates set forth below by the undersigned authorized representative of City and Service Provider to be effective as of the Effective Date. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

ClearGov, Inc.

By: Bryan A Burdick
Bryan A. Burdick
President
BBurdick@ClearGov.com

By: Dominic Bongo
Dominic Bongo
Chief Financial Officer
DBongo@ClearGov.com

Date Signed: 05/07/2024

Date Signed: 05/07/2024

[Corporation: pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line. Limited liability company: Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

City of Brea

Attest (if over \$25,000)

By: _____
William Gallardo
City Manager
BillGa@CityofBrea.net

By: _____
Lillian Harris-Neal
City Clerk
LillianHN@CityofBrea.net

Date Signed: _____

Date Signed: _____



City Council Regular Meeting Communication

Second Reading and Adoption of Ordinance No. 1250, An Ordinance of the City Council of the Brea Amending the Brea City Code by Adopting Zoning Ordinance Text Amendment (ZOTA) No. 2023-03 and approving a CEQA Exemption Determination

Meeting	Agenda Group	
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR	Item: 4E
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. Waive full reading and adopt Ordinance No. 1250 titled "An Ordinance of the City Council of the City of Brea Amending the Brea City Code by Adopting Zoning Ordinance Text Amendment No. 2023-03 and approving a CEQA Exemption Determination" (Attachment A); and
2. Approve a California Environmental Quality Act (CEQA) Exemption Determination (Attachment A).

BACKGROUND/DISCUSSION

As an effort to improve the readability and to modernize the City's Zoning Code (Code) to better serve the public, staff has initiated a work program in 2023 to continually review and update the Code on a regular basis. Since then, the City Council approved three Zoning Ordinance Text Amendments (ZOTA), which included two omnibus code updates addressing topics such as, but not limited to, land uses, definitions, parking standards, signs, tree preservation, and compliance with State law provisions, and one other update that implemented a number of Housing Element programs.

As part of this ongoing work program, staff reviewed the existing Code and permitting practices in order to identify opportunities to streamline the current entitlement process to better serve the public, especially the existing and new businesses in the City. As such, the primary intent for this ZOTA is to establish a new Minor Conditional Use Permit (MCUP) process to streamline the review of low-impact uses and minor modifications of existing standards. In conjunction, the proposed amendments would provide related updates which include minor revisions to land uses and definitions, and establishment of review criteria for valet parking services and standards for processing Public Convenience of Necessity (PCN) requests. If approved, the proposed amendments would update 12 chapters of the Code.

On May 7, 2024, the City Council, on a 4-0-1 vote, introduced Ordinance No.1250 for the proposed ZOTA. The comprehensive staff report package from the May 7, 2024 City Council meeting can be accessed from the following link:<https://weblink.cityofbrea.net/WebLink/DocView.aspx?id=174852&dbid=0&repo=BREA-DOCS>

COMMISSION/COMMITTEE RECOMMENDATION

On March 26, 2024, the Planning Commission, on a 4-0-1 vote, approved a resolution recommending approval of the Project. In doing so, the Planning Commission requested to be updated on an annual basis of all MCUP applications processed in a calendar year. As requested, staff will provide an annual update to the Planning Commission with a list of MCUP processed in a calendar year.

FISCAL IMPACT/SUMMARY

The costs to process and implement the Project are included in the FY2023/2024 Community Development Department budget.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Cristal Nava, Assistant Planner

Concurrence: Jason Killebrew, Community Development Director and

Attachments

[ATTACHMENT A - Ordinance No. 1250.pdf](#)

ORDINANCE NO. 1250

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BREA
AMENDING THE BREA CITY CODE BY ADOPTING ZONING
ORDINANCE TEXT AMENDMENT NO. ZOTA 2023-03 AND APPROVING
A CEQA EXEMPTION DETERMINATION**

THE CITY COUNCIL OF THE CITY OF BREA DOES ORDAIN AS FOLLOWS:

A. RECITALS:

(i) Pursuant to the City’s police power, as granted broadly under Article XI, Section 7 of the California Constitution, the City Council has the authority to enact and enforce ordinances for the public peace, health, safety, and welfare of the City and its residents.

(ii) Pursuant to the California Environmental Quality Act (“CEQA”) (Public Resources Code § 21000 et seq.) and the State of California Guidelines for Implementation of the California Environmental Quality Act (“CEQA Guidelines”) (14 C.C.R. § 15000 et seq.), the City is the “lead agency” for the preparation and consideration of environmental documents for this Ordinance.

(iii) On March 26, 2024, the Planning Commission conducted a duly noticed public hearing concerning Zoning Ordinance Text Amendment (“ZOTA”) No. 2023-03 and adopted its Resolution No. 2024-03 recommending approval by the City Council.

(iv) On May 7, 2024, the City Council conducted a duly noticed public hearing concerning ZOTA No. 2023-03, as set forth in this Ordinance. It is the intent of the City Council in adopting this Ordinance to update various Zoning Code provisions to establish a Minor Conditional Use Permit (“CUP”) process and provide related updates which include minor revisions to land uses and definitions, establish review criteria for valet

parking services, and establish standards for processing Public Convenience or Necessity (“PCN”) requests.

(v) Adoption of this Ordinance is consistent with the General Plan as it implements the General Plan by establishing a new permit process that streamlines the review of low-impact uses which helps provide a balance of land uses that meet the needs of residents. Furthermore, the proposed amendment is consistent with General Plan Goals CD-1.3, C-D 1.6, and CD-1.11 because it encourages economic growth by alleviating the cost and time associated with discretionary review applications, making the City an appealing environment for business, in particular small business owners, and it introduces new land uses which foster the opportunity for a variety of business to locate within the City.

(vi) This Ordinance is a matter of citywide importance and necessary for the preservation and protection of the public peace, health, safety and welfare of the community and is a valid exercise of the local police power and in accord with State law.

(vii) All legal prerequisites to the adoption of this Ordinance have occurred.

B. ORDINANCE:

SECTION 1. The City Council finds that the facts set forth in the Recitals, Part A, of this Ordinance are true and correct.

SECTION 2. Subdivision (1) (“A” words, terms and land uses) of Subsection B (Specific definitions) of Section 20.00.070 (Definitions) of Chapter 20.00 (General Provisions) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by deleting the “Animals,

Grooming and Daycares” entry and by adding in alphabetical order new entries for “Animals, Daycares” and “Animals, Grooming” to read as follows:

ANIMALS, DAYCARES. A commercial establishment that provides non-medical temporary boarding of household pets without overnight accommodations (i.e. pet daycares). Such establishments may include accessory instructional training, recreation, grooming and retail services. Overnight stays may be permitted based on emergency circumstances only, not to exceed 48 hours.

ANIMALS, GROOMING. A commercial establishment that provides grooming services for household pets. This classification includes cleaning, styling, clipping, and appearance maintenance of pets but not for the preparation of medical procedures.

SECTION 3. Subdivision (3) (“C” words, terms and land uses) of Subsection B (Specific definitions) of Section 20.00.070 (Definitions) of Chapter 20.00 (General Provisions) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding in alphabetical order a new “Conditional Use Permit, Minor” entry to read as follows:

CONDITIONAL USE PERMIT, MINOR. A permit issued by the applicable review authority allowing a minor modification of standards or use carried out in a particular zoning district that is not a use permitted by right. See §20.408.030 (Conditional Use Permits).

SECTION 4. Subdivision (13) (“M” words, terms and land uses) of Subsection B (Specific definitions) of Section 20.00.070 (Definitions) of Chapter 20.00 (General Provisions) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding in alphabetical order a new “Markets, Large” entry to read as follows:

MARKETS, LARGE. This use consists of retail establishments that satisfy all of the following criteria: (1) are commonly known as supermarkets and grocery stores; (2) sell general food items such as fresh produce, perishable goods, meats, seafood, packaged food products and beverages, and general household goods,

primarily for off-site preparation and consumption; and (3) are larger than ten thousand (10,000) square feet in size. This use class also includes large drug stores that combine services such as a pharmacy along with the retail sale of a variety of items such as packaged food, drinks, refrigerated food and beverages and other similar retail goods. This use class may include accessory banking, bakery, sales of prepared food and beverages for on-site consumption, and pharmacies.

SECTION 5. Subdivision (22) (“V” words, terms and land uses) of Subsection B (Specific definitions) of Section 20.00.070 (Definitions) of Chapter 20.00 (General Provisions) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding in alphabetical order a new “Valet Parking” entry to read as follows:

VALET PARKING. A parking service provided to accommodate users of an establishment in which an attendant on behalf of the establishment takes temporary custody of the vehicles of the guests or patrons visiting the establishment and moves, parks, stores and/or retrieves such vehicles.

SECTION 6. The Non-Residential category of Table 20.08.040.D of Section 20.08.040 (Off-Street Parking and Loading) of Chapter 20.08 (Development Standards) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding in alphabetical order new entries for “Animal, Daycares”, “Animal, Grooming”, and “Markets, Large” to read as follows:

NON-RESIDENTIAL	
Animals, Daycares	1 space per employee plus 1 space per 10 animals
Animals, Grooming	1 space per 250 square feet
Markets, Large	1 space per 200 square feet

SECTION 7. Section 20.08.040 (Off-Street Parking and Loading) of Chapter 20.08 (Development Standards) of Division I (General Regulations) of Title 20 (Zoning Code) of

Part II (Development Code) of the Brea City Code is amended by amending Subsections F and G, and by adding a new Subsection H, to read as follows:

F. *Valet Parking Operations.* Any person wishing to operate valet parking services shall obtain approval of a Minor Conditional Use Permit in accordance with the provisions of § 20.408.030 of this title.

1. All requests for valet parking must be accompanied by a Valet Parking Management Plan that demonstrates that the service will not result in insufficient or inadequate parking for the site by providing, at minimum, the following information:

- a. The business name, address, and location of service;
- b. The valet parking area and proposed number of parking spaces;
- c. The number of employees and hours of operation;
- d. The proposed routes of vehicle and pedestrian travel, pick-up and unloading areas;
- e. The location of proposed signs and associated equipment; and
- f. Parking analysis for all businesses located on the property, if located within a larger shopping center.

G. *Exceptions or modifications to off-street parking requirements.* An exception to or modification of the off-street parking requirements of this section may be granted to avoid circumstances where they might be excessive due to the use involved or other relevant circumstances, but only if such exemption or modification is consistent with the intent and purpose of this section.

1. Exceptions or modifications for multi-family developments require approval of a minor modification in accordance with the provisions of § 20.408.020 of this title. Pursuant to § 20.408.020.B.2., such requests shall be subject to the review and approval of the Director.

a. Notice of decision shall be sent by first class mail or delivered by a city employee to property owners within five-hundred (500) feet of the subject property. Pursuant to Chapter 20.424, all decisions of the Director made under this provision of this title are appealable to the Planning Commission.

2. Exceptions or modifications for all projects that are not multi-family developments require approval of a conditional use permit in accordance with the provisions of § 20.408.030 of this title.

3. All requests for an exception or modification must be accompanied by a Parking Demand Study prepared by a licensed professional that demonstrates

approval of the exception or modification will not result in insufficient or inadequate parking and meets the following requirements:

a. The Parking Demand Study must at a minimum include: (1) the otherwise applicable parking requirements under § 20.08.040 of this title; (2) any otherwise applicable parking requirements under any entitlement, zoning requirement, or other approval previously approved by the City; (3) a comparative analysis of parking on the site with and without the requested exception or modification; and (4) a Parking Management Plan and/or Transportation Demand Management program, if deemed necessary by the Director.

b. A Parking Demand Study for a multi-family development may utilize the Urban Land Institute's Shared Parking methodology or any other reasonably similar methodology shown to be applicable if the project: (1) is either part of a mixed-use development or located in a mixed-use setting conducive to shared parking; and (2) incorporates both features that promote active transportation (e.g., walking and cycling) and convenient access to public transit.

H. *Parking requirements not specified.* In the event this section does not specify any parking space requirement for any specific use otherwise allowed under this title, the Director shall determine the parking requirements for such use.

SECTION 8. Subsection A of Section 20.11.020 (Land Uses) of Chapter 20.11 (Permitted Land Uses) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by amending Subdivision 3, and by adding a new Subdivision 4, to read as follows:

3. "M" designates classes of uses permitted with a minor conditional use permit.

4. "-" designates classes of uses that are prohibited.

SECTION 9. Table 20.11.020.A (Permitted Land Uses Table) of Section 20.11.020 (Land Uses) of Chapter 20.11 (Permitted Land Uses) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by amending the entries for "Alcoholic Beverage Sale, Off-sale",

“Alcoholic Beverage Sale, On-sale”, “Alcoholic Beverages Manufacturing”, “Computer Internet Facilities”, “Day Care Centers”, and “Studios, Instruction/Service”, and by adding in alphabetical order new entries for “Animals, Daycares”, “Animals, Grooming”, and “Markets, Large”, to read as follows:

TABLE 20.11.020.A. PERMITTED LAND USES TABLE																						
<i>P: Permitted</i> <i>M: Permitted with Minor Conditional Use Permit</i> <i>C: Permitted with Conditional Use Permit</i> <i>--: Prohibited</i>				NOTES: ¹ In HR Zoning district, either an Administrative Hillside Development Permit or a Hillside Development Permit is required, unless specifically exempted. Refer to Section 20.206.040. ² In MU-I, MU-2, and MU-3 Zoning districts, nonresidential developments (e.g. education, public assembly, and religious facilities, entertainment and recreational facilities, public/semi-public facilities, retail trade and service facilities) and access serving nonresidential developments (except for live/work facilities) shall not be allowed on Walnut Avenue. Also, refer to Section 20.258.030.A regarding integration of uses requirement.																		
	R1-H	HR ¹	R-1	R-1 (5,000)	R-2	R-3	C-P	C-N	C-C	C-G	C-M	C-RC	M-P	M-1	M-2	MU-I ²	MU-II ²	MU-III ²	PRO- P/R	PRO- NOS	PF	Special Provisions
NON-RESIDENTIAL USES																						
Alcoholic Beverage Sale, Off-sale	--	--	--	--	--	--	P/C	P/C	P/C	P/C	P/C	C	C	--	--	P/C	P/C	C	--	--	--	(1) Conditional Use Permit not required if the use is in conjunction with Markets, Large.
Alcoholic Beverage Sale, On-sale	--	--	--	--	--	--	C	M/C	M/C	M/C	M/C	C	C	--	--	M/C	M/C	M/C	--	--	--	(1) Permitted with a Minor Conditional Use Permit if accessory to a primary restaurant use, as long as such restaurant does not have a bar area that is open to the patrons of the restaurant.
Alcoholic Beverages Manufacturing	--	--	--	--	--	--	--	--	--	--	M	--	M	M	M	--	--	--	--	--	--	
Animals, Daycares	--	--	--	--	--	--	--	M	M	M	M	--	M	M	--	M	M	M	--	--	--	
Animals, Grooming	--	--	--	--	--	--	--	P	P	P	P	--	P	P	--	P	P	P				
Computer Internet Facilities	--	--	--	--	--	--	--	--	M	M	--	--	--	--	--	M	M	M	--	--	--	
Day Care Centers	--	--	--	--	--	--	--	P	P	P	--	--	--	--	--	M	M	M	--	--	--	
Markets, Large	--	--	--	--	--	--	P	P	P	P	P	--	--	--	--	P	P	--	--	--	--	
Studios, Instruction/Service	--	--	--	--	--	--	P	P	P	P	M	--	--	M	--	P	P	P	--	--	--	

SECTION 10. Section 20.24.110 (Uses Under Variance or Conditional Use Permit) of Chapter 20.24 (Nonconforming Structures and Uses) of Division I (General Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

20.24.110 USES UNDER VARIANCE, MINOR CONDITIONAL USE PERMIT, OR CONDITIONAL USE PERMIT.

Uses and buildings which are existing under a variance, minor conditional use permit, or a conditional use permit granted under this title or any previous ordinance shall not be considered as nonconforming and shall be permitted to continue under the conditions and regulations imposed in such permit or variance and may be expanded or enlarged upon first obtaining a conditional use permit or a minor conditional use permit, as applicable, under the provisions of § 20.408.030 of this title.

SECTION 11. Subdivision 1 of Subsection C (Building Height) of Section 20.224.040 (Property Development Standards) of Chapter 20.224 (C-P Commercial, Administrative, And Professional Office Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the C-P Zone shall have a height no greater than thirty (30) feet.

SECTION 12. Subdivision 1 of Subsection C (Building Height) of Section 20.232.030 (Property Development Standards) of Chapter 20.232 (C-C Major Shopping Center Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the C-C Zone shall have a height no greater than seventy-five (75) feet.

SECTION 13. Subdivision 1 of Subsection C (Building Height) of Section 20.236.040 (Property Development Standards) of Chapter 20.236 (C-G General Commercial Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the C-G Zone shall have a height no greater than thirty-five (35) feet.

SECTION 14. Section 20.240.040 (Uses Permitted Subject to Conditional Use Permit) of Chapter 20.240 (C-M Commercial Industrial Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

20.240.040 USES PERMITTED SUBJECT TO CONDITIONAL USE PERMIT.

Uses permitted subject to a minor conditional use permit or a conditional use permit in C-M Zone are contained in Chapter 20.11 of this title.

SECTION 15. Subdivision 1 of Subsection B (Building Height) of Section 20.240.060 (Property Development Standards) of Chapter 20.240 (C-M Commercial Industrial Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the C-M (Commercial/Industrial) Zone shall have a height no greater than thirty-five (35) feet.

SECTION 16. Subdivision 1 of Subsection C (Building Height) of Section 20.244.040 (Property Development Standards) of Chapter 20.244 (C-RC Commercial Recreation Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the C-RC Zone shall have a height no greater than thirty-five (35) feet.

SECTION 17. Subdivision 1 of Subsection C (Building Height) of Section 20.248.040 (Property Development Standards) of Chapter 20.248 (M-P Planned Industrial Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the M-P Zone shall have a height no greater than sixty (60) feet.

SECTION 18. Subdivision 1 of Subsection C (Building Height) of Section 20.252.040 (Property Development Standards) of Chapter 20.252 (M-1 Light Industrial Zone) of Division II (Specific Zone Regulations) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

1. Buildings and structures erected in the M-1 Zone shall have a height no greater than sixty (60) feet.

SECTION 19. Subsection B (Authority of the development services director) of Section 20.408.020 (Administrative Remedy) of Chapter 20.408 (Administrative Procedures) of Division III (Administration and Procedures) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

B. Authority of the community development director.

1. Minor modification. In the public interest, the Director, without a public hearing, may consider and approve, conditionally approve, or deny modifications from the provisions of this title, limited to the following circumstances:

- a. Where dimensional problems of an existing parcel require reduction of lot area or dimensions by not more than five percent (5%) of that required by the zone provided that such reductions are requested on not more than one (1) lot within any one (1) subdivision or tract.

- b. Where dimensional problems of an existing parcel require reduction of yards and/or distance between buildings by not more than ten percent (10%) of

the requirements of the zone provided that such reductions are not requested for more than one (1) lot within any one (1) subdivision or tract.

c. Reduction of number of required parking spaces by not more than ten percent (10%) and/or modification of parking (dimension) standards by not more than five percent (5%).

d. Modification of wall and fence heights, not to exceed twelve (12) inches.

e. Modification of projections/encroachment into required yard areas by not more than five percent (5%) of the required yard areas in the zone, provided that such does not violate fire, housing or building codes.

f. Modification of maximum permitted lot coverage not to exceed ten percent (10%) of the maximum lot area coverage permitted in the zone.

g. Modification of maximum height regulation by not more than ten percent (10%) of the requirements of the zone.

h. Modification of the size, height, and area of signs by not more than five percent (5%).

2. Such additional matters as may be delegated to the Director by the Council, provided that the limits and scope of the Director's authority shall be set forth by the Council.

SECTION 20. Section 20.408.030 (Conditional Use Permit) of Chapter 20.408 (Administrative Procedures) of Division III (Administration and Procedures) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

20.408.030 CONDITIONAL USE PERMIT.

A. *Intent and purpose.* The minor conditional use permit and conditional use permit are intended for minor modification of standards and those land uses which require special consideration in a particular zone or in the city as a whole due to their characteristics, size of the area required for full development of such uses, potential effects of such uses on adjoining land uses and on the growth and development of the area. Uses existing on the effective date of this title which are listed as permitted subject to minor conditional use permit or conditional use permit may continue without securing such a permit; however, any extension or expansion of such use shall comply with provisions of this section.

B. *Uses permitted subject to conditional use permits.*

1. Uses listed in each zone requiring a minor conditional use permit or conditional use permit may be permitted in such zone subject to the provisions of this section.

2. Modification of standards.

a. The following circumstances may be permitted with an approval of a minor conditional use permit.

(1) Where dimensional problems of an existing parcel require a reduction of lot area or dimensions by more than five percent (5%) but not more than ten percent (10%) of that required by the zone provided that such reduction is requested on not more than one (1) lot within any one (1) subdivision or tract.

(2) Where dimensional problems of an existing parcel require a reduction of yards and/or distance between buildings by more than ten percent (10%) but not more than twenty percent (20%) of the requirements of the zone provided that such reductions are not requested for more than one (1) lot within any one (1) subdivision or tract.

(3) Reduction of number of required parking spaces by more than ten percent (10%) but not more than twenty percent (20%).

(4) Modification of wall and fence heights to increase more than twelve (12) inches but not to exceed twenty-four (24) inches.

(5) Modification of projections/encroachment into required yard areas by more than five percent (5%) but not to exceed ten percent (10%) of the required yard areas in the zone, provided that such does not violate fire, housing or building codes.

(6) Modification of maximum permitted lot coverage to increase by ten percent (10%) but not to exceed twenty percent (20%) of the maximum lot area coverage permitted in the zone.

(7) Modification of maximum height regulation by more than five percent (5%) but not to exceed ten percent (10%).

b. The following circumstance may be permitted with an approval of a conditional use permit.

(1) Increase in building heights above the maximum permitted building height in C-P, C-C, C-G, C-M, C-RC, M-P, M-1 and M-2 zones.

3. Other special or unusual uses for which no provision is made in this title or which provide for an unusual combination of uses not otherwise provided for nor otherwise prohibited in this title may be permitted with an approval of a conditional use permit.

C. *Procedure.*

1. *Application.* Application for a minor conditional use permit and a conditional use permit shall be made pursuant to § 20.400.040. The application shall include

a site plan and elevations of the proposed development at minimum. Appropriate fees shall be paid as determined by City Council resolution.

2. *Staff investigation.* The Planning Division shall make an investigation of the facts bearing on the case to provide the information necessary for the action consistent with the intent of this title and the General Plan, and shall report the findings to the approval authority.

3. *Approval Authority*

a. Conditional use permit. The Commission, at a public hearing, has the authority to approve, conditionally approve, or disapprove a conditional use permit application.

b. Minor conditional use permit. The Director, without a public hearing, has the authority to approve, conditionally approve, or disapprove a minor conditional use permit application. The Director may refer any minor conditional use permit to the Planning Commission for review at his/her discretion.

c. The decision of the approval authority shall be final and become effective ten (10) days after the decision, subject to appeal pursuant to Chapter 20.424.

4. *Public Notice.*

a. Conditional use permit. Notice of public hearing for conditional use permit shall be made pursuant to Chapter 20.416.

b. Minor conditional use permit. A public notice shall be made to owners of property located within 300 feet of the subject property, and such notice shall be made by first class mail. Such notice shall be given at least 10 calendar days before the Director's decision. In addition, a notice of decision shall be made to individuals who have requested to be notified of the Director's decision in a method requested by such individuals. Such notice shall be made within two (2) calendar days of the Director's decision.

D. *Findings.* The Director or the Commission, in approving a minor conditional use permit or a conditional use permit, shall find as follows:

1. That the use(s) or modification of standards applied for at the location set forth in the application is properly one(s) for which a minor conditional use permit or a conditional use permit is authorized by this title.

2. That such use(s) or modification of standards, with any conditions to be imposed, is necessary or desirable for the development of the community, in harmony with the various elements or objectives of the General Plan, and not detrimental to existing uses or to uses specifically permitted in the zone in which the proposed use(s) is to be located.

3. That the site is adequate in size and shape to accommodate the proposed development and all of the yards, setbacks, walls or fences, landscaping, and other features required to bring about conformity with other elements in the neighborhood.

4. That the proposed site relates to streets and highways which are properly designed and improved to carry the type and quantity of traffic generated or to be generated by the proposed development.

5. That with the conditions stated in the permit, the uses will not adversely affect the public health, safety, or general welfare

E. Time limit.

1. Each permit hereafter granted shall automatically expire and be of no further force or effect if not exercised within two (2) years of its effective date, unless the permit specifies a longer period; provided that the Planning Commission, subject to appeal to the Council in the same manner and time as with the permit itself, may extend any such permit for successive periods not to exceed six (6) months each, upon showing of good cause therefor, if written application for such extension is filed prior to the expiration thereof.

2. "Exercise" of a permit shall mean substantial construction work pursuant to a building permit, and shall not include preparation of plans, engineering work or grading. In case of any dispute thereon, applicant or its successor in interest may request in writing that the Planning Commission conduct a hearing of which the requesting party shall be given ten (10) days advance written notice by first class mail directed to the address of the requesting party given in such written request for hearing. The decision of the Planning Commission may be appealed to the Council pursuant to Chapter 20.424.

3. Each permit issued hereunder shall have appended thereto a copy of this paragraph F. and Chapter 20.412, and shall contain substantially the following provision: "Any permit is subject to expiration and revocation as provided in Chapter 20.412, and such provisions are specifically made a part hereof without negating the applicability of any other provision of this title or of any other ordinance."

4. Upon expiration of the period of time set forth in paragraph E.2. above, if, in the opinion of the Secretary to the Commission, any permit has been revoked or has expired, written notice thereof may be directed to the holder of the permit according to city records at its last address of record. The same shall be sent by first class mail, postage prepaid. Unless a hearing is requested by any interested person as provided for in paragraph E.2. above, with such request being received by the city within thirty (30) days of date of mailing of such letter, nonexercise of such permit shall be conclusively presumed. Any notices to be given under this paragraph E. shall be deemed given upon deposit in the United States mail, whether actually received or not.

F. *Revisions to site plan approved as part of conditional use permit.*

1. Minor revision to a site plan approved as part of a conditional use permit may be made after review and approval by the Director pursuant to the Plan Review Procedure, § 20.408.040. Minor revisions are hereby defined as revisions which in no way change the requirements set forth by the Commission or Council

or violate the intent of any of the standards or conditions of the permit or of the zone.

2. Revisions other than minor revisions, as defined above, shall be made pursuant to the conditional use permit procedure set forth in this section.

3. All copies of the approved revised site plan shall be dated and signed by the Director and made a part of the record of the subject conditional use permit. One (1) copy of such approved revised site plan shall be mailed to the applicant.

G. An amendment to an existing conditional use permit shall be subject to a minor conditional use permit if the uses that were approved under a conditional use permit are allowed with a minor conditional use permit on the effective date of this Chapter.

H. *Reapplication.* No person shall reapply for a similar conditional use permit on the same land, building, or structure within a period of one (1) year from the date of the final decision on such previous application unless such decision is a denial without prejudice.

SECTION 21. Subsection C of (Contents of plans required) Section 20.408.040 (Plan Review Procedures) of Chapter 20.408 (Administrative Procedures) of Division III (Administration and Procedures) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended to read as follows:

C. *Contents of plans required.* All plans required to be submitted to the Community Development Director shall indicate clearly, and with full dimensions, the information required by the application. The applicant shall provide any additional information as required by the Director to establish that the project satisfies all applicable development standards of this title.

SECTION 22. Section 20.408.040 (Plan Review Procedures) of Chapter 20.408 (Administrative Procedures) of Division III (Administration and Procedures) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding a new subsection D to read as follows:

D. Art in public places program requirements.

1. Except as otherwise provided in this title, all development projects are subject to the requirements contained in the most recently adopted or amended version of the Art in Public Places Manual.

2. All developers of commercial projects, industrial projects, including attached and detached additions to existing commercial and industrial buildings, and residential projects of five (5) dwelling units or more with a total building valuation are required to select, purchase and install permanent outdoor sculpture accessible by the general public. The required minimum art allocation shall be as established in the Art in Public Places Manual. For any custom home development, the art requirement will be based on an estimate of the homes' market value, based on lot size and existing market. If development of a project is to proceed in phases, the phasing plan shall include information reflecting compliance with the Art in Public Places requirements and shall be subject to review and approval, all as specified in the Art in Public Places Manual. Additional requirements of the city's Art in Public Places Program are set forth in the Art in Public Places Manual.

3. All property owners are responsible for maintaining the art work in clean, undamaged condition for the lifetime of the art work. The obligation to maintain the art work shall be evidenced by written instrument recorded with the County Recorder setting forth such obligation. A copy of the instrument shall be submitted to the city immediately following recordation.

SECTION 23. Chapter 20.408 (Administrative Procedures) of Division III (Administration and Procedures) of Title 20 (Zoning Code) of Part II (Development Code) of the Brea City Code is amended by adding a new Section 20.408.060 (Determination of Public Convenience or Necessity) to read as follows:

20.408.060 DETERMINATION OF PUBLIC CONVENIENCE OR NECESSITY.

A. Determinations of public convenience or necessity relating to the sale of alcoholic beverages (including beer and wine) required by California Business and Professions Code Section 23958.4 or a successor statute shall be made by the Planning Commission on behalf of the City except as provided in Subsection B.

B. The Director shall have the authority to make determinations of public convenience or necessity on behalf of the City for uses classified as follows:

1. "Alcoholic Beverages Manufacturing," if allowed with a minor conditional use permit pursuant to Chapter 20.11 of this Title;
2. "Alcoholic Beverages Sale, Off-sale," if allowed with or without a minor conditional use permit or conditional use permit pursuant to Chapter 20.11 of this Title; and
3. "Alcoholic Beverages Sale, On-Sale," if allowed with a minor conditional use permit pursuant to Chapter 20.11 of this Title.

SECTION 24. CEQA. The City Council finds that it can be seen with certainty that there is no possibility the adoption of this Ordinance may have a significant effect on the environment because it enacts zoning code amendment that will not have a significant effect on the environment. It is therefore exempt from California Environmental Quality Act review pursuant to Title 14, Section 15061(b)(3) of the California Code of Regulations.

SECTION 25. SEVERABILITY.

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 26. EFFECTIVE DATE.

This Ordinance shall become effective thirty (30) days after its adoption in accordance with the provisions of California law.

SECTION 27. CERTIFICATION.

The City Clerk shall certify to the passage of this Ordinance.

PASSED, APPROVED, AND ADOPTED, this 21st day of May, 2024.

Christine Marick
Mayor

ATTEST:

Lillian Harris-Neal
City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Brea, held on the 7th day of May, 2024, and was finally passed at a regular meeting of the City Council of the City of Brea on the 21st day of May, 2024, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

Dated: _____

City Clerk



City Council Regular Meeting Communication

Amended Contract with Emergency Ambulance Services Inc, for Emergency Ambulance Transport

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4F
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

- Approve the First Amendment to limit EAS' scope of service to performance of ambulance transport services in an amount not to exceed \$993,165.12 until January 18, 2025 unless earlier terminated as provided in the Agreement; and
- Amend the City's Fiscal Year 2023-25 Operating Budget to appropriate \$993,165.12 from the City's Paramedic Services Fund (174) for Ambulance Transport Services and appropriate \$993,165.12 in revenues for ambulance billing services.

BACKGROUND/DISCUSSION

The City of Brea has an obligation to administer ambulance services under Health and Safety Code Section 1797.201 (Section 201). The Orange County Health Care Agency recognizes the City of Brea as an exclusive operating area. Pursuant to Section 201, the City has the right to continue to provide prehospital emergency medical services in the same manner and scope as it has been providing since January 1, 1981. This allows the City to maintain control over the ambulance program whether it is provided through a contracted transport company, or through in-house personnel.

The City and EAS executed the Agreement to memorialize the terms on which EAS provides ambulance transport services and ambulance billing services. Per the Agreement, EAS houses ambulances at fire stations 2 and 3 and two Emergency Medical Technicians (EMT) per station, per shift. The intent of co-locating the ambulances in the station was improved response times and better overall service to the community.

The Agreement requires EAS to provide all billing and collection services related to all pre-hospital ambulance services. EAS remits to the City a portion of the collected funds from Advanced Life Support (ALS) transports because this service is provided by the City's firefighter/paramedic staff.

In order to better serve the Brea community, Brea Fire staff brought to Council on October 3, 2023 a proposal to develop an in-house ambulance program. Council gave direction to continue transport-only services with EAS until the in-house program is established, but in the interim, to contract with a separate third-party vendor to handle the ambulance billing component. On April 16, 2024, Council awarded Wittman Enterprises LLC (Wittman) a five-year contract for the ambulance transport billing.

Due to the reduction in the scope of services under the Agreement, staff and EAS have negotiated the proposed First Amendment. All references to ambulance billing and the reimbursement of ALS fees to the City will be removed. EAS will continue to have two ambulances assigned and housed in Brea to respond to medical aid calls with Brea Fire Paramedics. The housing fee is accounted for in the all-inclusive bi-weekly fee.

Under the Agreement, EAS receives all fees related to Basic Life Support (BLS) transports as well as 15% of ALS transports fees. The revenues retained by EAS cover the transport and billing service costs the City would otherwise be paying to EAS. Under the proposed First Amendment, EAS will not be involved in the billing component or receiving any ALS or BLS fees, which means the City will need to pay EAS for ambulance transport services. Staff researched other cities' contracts to determine a fair cost for transport-only services.

The transport-only fee in the proposed First Amendment is referenced as follows:

Estimated Ambulance Transport Rate

Hours per Week (A)	168
Weeks per Year (B)	52
Hours per Year (AxB)	8,736
Estimated Cost per Coverage Hour	\$102.94
Cost per Year per Ambulance	\$899,283.84
Number of Ambulances	2
Annual Cost for 2 Ambulances	\$1,798,567.68
Biweekly Cost for 2 Ambulances	\$69,175.68

The fee proposed is all inclusive and takes into consideration ambulance surge coverage costs. The surge coverage is whenever one or both of EAS's Primary Brea Units are unavailable to respond to calls for service in Brea. In such a situation, EAS must provide another fully staffed ambulance assigned to the City available to respond to calls in Brea. EAS must maintain coverage in the City until one of the Primary Units becomes available. If approved by Council, the First Amendment would go into effect on July 1, 2024 which is the date Wittman will begin performing ambulance billing services. The Agreement still will have a January 18, 2025 expiration date, which is sufficient to allow the Brea in-house ambulance program to go live, tentatively set for January 2025. If the in-house ambulance program is ready before then, the City can terminate the Agreement without cause on 30 days' notice to EAS.

COMMISSION/COMMITTEE RECOMMENDATION

This Staff Report was reviewed by the Finance Committee on May 14, 2024, and recommended for approval.

FISCAL IMPACT/SUMMARY

The amended agreement with Emergency Ambulance Services, Inc. will provide Ambulance Transport services for the City for a bi-weekly cost of \$69,175.68 until the City transitions to an in-house ambulance program tentatively scheduled for January 2025.

Based upon an evaluation of the City's anticipated emergency medical service revenue, the ambulance transport billing revenue will offset the cost of this agreement and will be accounted for in the City's Paramedic Services Fund (174).

RESPECTFULLY SUBMITTED:

William Collado, City Manager

Attachments

[Amendment No. 1 to EAS Agreement \(003\).DOCX \(part 1\) - signed.pdf](#)

AGREEMENT #2021.09.09.001
Emergency Basic Life Support Ambulance Services

FIRST AMENDMENT
TO
EMERGENCY AMBULANCE SERVICES AGREEMENT

This First Amendment ("Amendment") to the EMERGENCY AMBULANCE SERVICES AGREEMENT ("Original Agreement"), is dated as of July 1, 2024 ("Amendment Effective Date"), between the CITY OF BREA, a California municipal corporation ("City"), and EMERGENCY AMBULANCE SERVICE, INC., a California Corporation ("Contractor"). City and Contractor are each a "Party" and together the "Parties."

RECITALS

- A. The Parties entered into the Original Agreement, dated as of January 18, 2022 (as may be further amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof).
- B. City and Contractor have determined it is in their mutual interest to amend terms of the Original Agreement to remove certain services, specifically billing and collection operations, from Contractor's Scope of Services.


NOW, THEREFORE, for valuable consideration, the parties agree as follows:

AMENDMENT

- 1. Exhibit A, "SCOPE OF SERVICES" of the Original Agreement is deleted in its entirety and replaced with the new Exhibit A REVISED SCOPE OF SERVICES as shown in Attachment 1 to this Amendment, which is hereby incorporated into this Amendment as though set forth in full.
- 2. Exhibit B, "RATES, REIMBURSEMENTS & FEES" of the Original Agreement is deleted in its entirety and replaced with the new Exhibit B REVISED RATES, REIMBURSEMENTS & FEES as shown in Attachment 2 to this Amendment, which is hereby incorporated into this Amendment as though set forth in full.
- 3. Contractor acknowledges and agrees that City may hire other vendors to perform the services removed from Contractor's Scope of Services. Contractor shall provide to City and/or to the alternate vendor selected by City any assistance reasonably requested by City to effect the orderly transition of the Services, in whole or in part.
- 4. Except as expressly modified herein, all of the provisions of the Original Agreement shall remain in full force and effect. In the case of any inconsistencies between the Original Agreement and this Amendment, the terms of this Amendment shall control. Nothing in this Amendment shall relieve either Party of its respective obligations under the Agreement as to Services already provided by Contractor prior to the Amendment Effective Date.
- 5. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

TO EXECUTE THIS AMENDMENT, the Parties have caused their authorized representatives to sign below. Digital signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

Emergency Ambulance Service, Inc.

By: 
Philip Davis (May 6, 2024 16:08 PDT)
Philip E. Davis
President/Secretary
phildavis@emergencyambulance.com

Date Signed: 05/06/24

City of Brea

By: _____
Christine Marick
Mayor

Date Signed: _____

Attest (if over \$25,000)
By: _____
Harris-Neal, Lillian
City Clerk
lillianhn@ci.brea.ca.us

Date Signed: _____

ATTACHMENT 1

“EXHIBIT A REVISED SCOPE OF SERVICES”

Contractor shall provide emergency Basic Life Support (“BLS”) ambulance services and emergency Advanced Life Support (“ALS”) ambulance patient transport in coordination with the Brea Fire Department Paramedics within Brea and the provision of any labor, material, supplies, and equipment related to the provision of those services (collectively “Services”), subject to the terms and conditions of this Scope of Services and the Agreement. Contractor shall have the exclusive right to be City’s primary provider of the Services within City.

1. General Requirements

A. **Performance Expectations.** Contractor shall perform all Services in accordance with both the letter and spirit of all requirements, conditions, specifications, expectations set forth in this Scope of Services and the Agreement. to the complete satisfaction of the Brea Fire Department (“BFD”). All statements made and actions taken by Contractor in the execution of contractual obligations shall be done in a prudent, professional, and courteous manner that supports and/or advances BFD’s Emergency Medical Service (“EMS”) mission of optimizing patient outcome by providing superior quality patient care with proficiency and compassion.

B. **Equality of Care.** Contractor shall provide all Services without regard to the patient's national origin, ethnicity, color, religion, sexual orientation, gender, age, insurance status, or ability/inability to pay. Any violation of this policy shall be deemed a breach and grounds for immediate termination of the Agreement. Contractor’s decision making, and conduct must always be guided by and reflect only the highest ethical standards, comport with the principles of fairness and equal justice, and demonstrate respect and dignity for all human beings.

C. **Contract Performance Costs.** Unless otherwise indicated in the Agreement or any Exhibit thereto, Contractor shall bear sole responsibility for all expenses necessary to its performance of the Services.

D. **Contract Performance Standards.** Contractor shall ensure that all facilities, properties, vehicles, material, and documents/records used or available for use in the performance of the Services are in good condition, fully functional, and maintained in a clean, orderly, and organized manner as determined by the BFD.

E. **Legal Compliance.** Contractor shall ensure that its ambulance personnel have sufficient understanding of, and are at all times in compliance with, all applicable EMS-related laws (federal, state, local), including: California Health & Safety Code, Division 2.5; California Code of Regulations, Title 22, Division 9, Chapter 2; and California Vehicle Code.

F. **Protocol Compliance.** Contractor shall ensure that its ambulance personnel comply with all OCEMS and BFD protocols, including official rules, policies, procedures, standing orders, and guidelines, as well as Contractor’s internal protocols. Contractor, including any of its individual ambulance operators, shall immediately bring to the attention of BFD any protocol that appears to conflict with any other protocol.

G. **Inter-Agency Communications.** Contractor shall designate one person as its official liaison to BFD, which liaison shall serve as its primary contact and interface with BFD, and whose office shall be in Orange County and as near to Brea as practical.

H. **911 Call for Service/Referral.** Contractor shall immediately refer to City all incoming calls for 911-Fire/EMS emergency ambulance service that are made by any person within Brea to a Contractor's ambulance dispatch center or business office.

I. **Field Supervisor.** Contractor shall maintain a designated Field Supervisor, who must be qualified and capable of implementing and operating within the Incident Command System including the Orange County Multi-Casualty Incident ("MCI") Response Plan and all other Orange County Emergency Medical Services ("OCEMS") protocols. A designated Field Supervisor must be available 24 hours a day and must be stationed within Brea or at another location within Orange County and as close to Brea as practical, who is immediately available to BFD personnel by mobile phone and/or 800 MHz radio. The Field Supervisor shall be able to arrive at any incident within 20 minutes of being requested by City.

J. **Electronic Patient Care Reporting.** Contractor shall be capable of accepting the transmission of electronic patient care records ("EPCR") via OCEMS' OC-MEDS EPCR application. Contractor shall provide a 24/7 wireless data connection for the transfer of patient care information between its field personnel and remote OC-MEDS users.

K. **Pilot Programs/Research Projects.** Contractor shall participate in all OCEMS-approved pilot programs or research projects, when requested to do so by BFD. Contractor agrees that its participation shall entail no additional cost to City. Contractor further agrees that services provided under pilot programs or research projects shall be in addition to the other services described herein.

Ambulance Services

L. **Primary Units.** Contractor shall provide and maintain two BLS ambulances as Primary Units assigned to Brea. Primary Units shall be staffed by four Emergency Medical Technicians ("EMTs"), and these ambulances and their crews shall follow the same 24-hour shift schedule used by the BFD. One of the Primary Units shall be housed at Brea Fire Station 2, and the other Primary Unit shall be housed at Brea Fire Station 3. Both Primary Units shall be monitored, controlled, and dispatched by Metro Cities Fire Authority Communications Center.

M. **Wall time.** "Wall time" refers to the time Contractor's ambulances must wait at hospitals while delivering patients. Whenever one or both of Contractor's Primary Units are unavailable to respond to calls for service in Brea due to wall time, Contractor must provide another fully staffed ambulance to respond to calls in Brea.

N. **Incident Command & Patient Authority.** BFD personnel, which shall be BFD Firefighter/Paramedics if on scene, shall be responsible for patient care and have authority to make assessment, treatment, and/or transport decisions. Contractor's EMTs shall comply with the direction of the BFD Captain/Incident Commander or Firefighter/Paramedics in charge of a patient and/or incident. Contractor's EMTs shall provide support to and act in a manner consistent with BFD efforts. Contractor's EMTs shall respond to the directions of BFD personnel in a positive and affirmative manner.

O. **External Medical Quality Control.**

i. Contractor acknowledges that the OCEMS Medical Director, or his or her designee(s), has both the authority and responsibility to routinely establish and monitor private, emergency ambulance system performance, including: ambulance equipment standard; medical protocols; personnel standards; training standards; medical dispatch procedures; first responder practices and training; medical control; and to effect corrective and disciplinary action as necessary.

ii. Contractor shall fully comply with all applicable federal, state, and local laws, rules, and regulations and with local medical standards, protocols, and rules and regulations applicable to the provision of private, emergency BLS ambulance transportation, including those established by OCEMS. Contractor shall at all times during the term of this Agreement fully cooperate with the OCEMS Program Manager and the OCEMS Medical Director in the monitoring, regulation, management, oversight, and administration of the County EMS system.

P. **OCEMS ePCR Compliant.** Contractor shall be capable of accepting the transmission of electronic patient care records via OCEMS' OC-MEDS ePCR application. Contractor shall provide a 24/7 wireless data connection for the transfer of patient care information between field personnel and remote OC-MEDS users.

Q. **Return of City Personnel.** Advanced Life Support ("ALS") services shall be provided by BFD personnel from a variety of delivery platforms, primarily fire engines. In cases where City personnel accompany patients in Contractor's ambulance en route to a hospital or other receiving facility, and City ALS unit does not follow-up to the hospital/receiving facility, Contractor shall return City personnel to their assigned fire station(s) within 30 minutes from the conclusion of the run. The conclusion of the run is defined as the moment when the patient has been transferred into the care of hospital/medical staff, the ambulance crew has completed all required documentation, and the ambulance has been restocked and is ready to be placed back in service. At the conclusion of the run, the ambulance crew shall advise City personnel that they are ready to return them to their station. If the ambulance receives another emergency call while returning City personnel to their station, the ambulance may accept that call for service and take those returning City personnel to the new call at the discretion of City personnel on board.

R. **Standby Services.** Contractor shall immediately provide, the closest BLS ambulance for standby at incidents with the potential for a medical response or for firefighter, police officer, marine safety officer, or other City employee's safety, when requested by City.

2. Disaster Assistance

A. Contractor's supervisory personnel shall provide BFD proof they have completed incident command training, hazardous materials training, and supervisory training in cooperation with City.

B. City shall coordinate any disaster response. Contractor shall actively participate in City's planning for and responding to any declared disaster. Upon notification of a disaster by City, Contractor shall immediately commit any and all available resources to such efforts and assist City in accordance with applicable disaster plans and protocols in the locality where the disaster has occurred.

C. City may temporarily suspend strict application of the performance requirements set forth in the Agreement during a federal, state, or locally declared disaster or emergency.

D. During a declared disaster:

i. Contractor may be released from response time requirements until notified by the City Fire Chief that disaster assistance is no longer needed.

ii. Contractor shall provide supervisory assistance at the command post or emergency operations center as requested and shall use best efforts to provide local emergency coverage. Contractor shall also suspend non-emergency transport services as necessary, informing persons requesting non-emergency transport of the reason for the temporary suspension.

iii. City shall work with Contractor to utilize mutual aid providers who are authorized to perform such services within the County to meet the service demands of the disaster.

3. Ambulances

A. **Vehicle Specifications.** At no cost to City, all ambulances Contractor uses to service Brea shall meet the following requirements

i. Ambulances shall have a Mobile Data Computer ("MDC") that seamlessly interfaces with BFD's CAD system. BFD shall provide the MDCs but Contractor shall bear all costs associated with their installation and maintenance.

ii. Ambulances shall be equipped with an on-board 800 MHz radio. The radio shall have a frequency load that is compatible with the Metro Cities Fire Authority Communications Center.

iii. Ambulances shall be equipped with an on-board VHF radio capable of receiving and transmitting on OCFire and OCAccess.

iv. Ambulance shall be equipped with Automatic Vehicle Locator ("AVL") hardware and software/GPS system that interfaces with Metro Cities Fire Authority Communications Center and BFD.

v. Ambulances shall be equipped with City-approved traffic signal preemption and security gate access devices/equipment.

vi. Ambulances assigned to be Primary Units shall also be:

a. Type III (modular) ambulances having no more than 100,000 original miles at the beginning of the Agreement term; and

b. Red in color and bear the BFD Emblem and all information required by Civil Code § 3273; and

c. Bear visible markings designating them as either "Brea Ambulance 2" and "Brea Ambulance 3," with the words "Proudly Serving the City of Brea."

B. Vehicle Support and Maintenance. All ambulances provided by Contractor under the Agreement shall be supported and maintained as follows:

i. **Medical Equipment & Supplies Inventory.** Contractor shall ensure that the medical equipment and supplies inventory of all ambulances complies with OCEMS required inventory policies. Contractor shall also supply a Zoll X-series Cardiac Monitor with ETCO2 monitoring along with the accompanying cables and supplies. BFD will supply any additional ALS equipment.

ii. **Standardized Inventory.** Contractor shall ensure that its EMS equipment and supplies are the same as or compatible with EMS equipment and supplies used by BFD.

iii. **Ambulance Supplies Restock System.** Contractor shall ensure that both Primary Units are equipped and supplied with the minimum required inventory at all times. Primary Units shall not be required to leave Brea to fulfill restocking. All ALS restock will be provided by BFD.

iv. **Decontamination.** Decontamination of Primary Units must be done within Brea unless otherwise approved by the BFD's On-duty Battalion Chief due to extraordinary circumstances.

v. **Vehicle Maintenance/ Replacement.** Whenever a Primary Unit must be taken out of service for any reason (including mechanical failure or scheduled preventative maintenance), and for any length of time, Contractor shall immediately provide a replacement ambulance that meets the all standards and specifications required for a Primary Unit. Before permanently replacing any Primary Unit, Contractor shall submit a written proposal to BFD, and obtain BFD's approval. Contractor's proposal shall describe the ambulance replacement plan, including the designations (unit number), specifications, and mileage of the planned replacement ambulances.

C. Upon notice from City that the disaster is over Contractor's assistances is no longer needed, Contractor shall resume performance pursuant to the Agreement as quickly as is practical considering personnel exhaustions, medical supply restocking needs, and other relevant considerations.

Surge Plan. Whenever one or both of Contractor's Primary Units are unavailable to respond to calls for service in Brea, Contractor must provide another fully staffed ambulance assigned to the city of Brea to be available to respond to calls in Brea. Contractor must maintain coverage in the city of Brea until one of the Primary Units becomes available.

4. Staffing Requirements

A. **EMT Eligibility & Selection Criteria.** Contractor shall provide City with the criteria it uses to determine who is qualified to serve as a EMT for Contractor, and shall promptly provide updates to BFD whenever such criteria are changed.

B. **Primary Unit Assignments.** All EMTs assigned to a Primary Unit must first be approved by BFD and interviewed by a panel of BFD representatives. Contractor may attend all EMT interviews. EMT shift and station assignments will be determined by BFD and shall have the right to remove an EMT, permanently or temporarily, at any time from a Primary Unit assignment. All costs associated with City's removal of an EMT from a Primary Unit assignment shall be born solely by Contractor.

C. **Primary Unit Alternates.** Contractor's EMTs shall not serve on a Primary Unit as an alternate or on a temporary basis without first obtaining approval of the BFD EMS Manager or the on-duty BFD Battalion Chief. Alternate and temporary assignments shall come first from EMTs currently assigned to either Primary Unit, second from the list of EMTs who have already completed the BFD interview process and received BFD's approval, and only third from Contractor's pool of EMTs with 911 transport experience. All costs associated with alternate and temporary assignments shall be born solely by Contractor.

D. **In Field Training/Ride-A-Longs.** Any and all training and ride-a-longs shall be limited to BFD Primary Unit EMTs only and with advanced notification to EMS Manager or on-duty Battalion Chief.

E. **Training with BFD.** All personnel Contractor assigns to a Primary Unit shall be required to participate in BFD EMS training, skill review, and orientation before serving in a Primary Unit. Contractor shall also allow its Primary Unit personnel to participate in any other training BFD may provide from time to time.

F. **Credentials Tracking & Renewal.** Contractor shall ensure that the credentials of all of its EMTs—including state EMT certification and OCEMS accreditation—are maintained and renewed in a timely manner. Use of EMTs with expired or lapsed credentials to provide the Services shall be deemed a major breach and grounds for immediate contract termination.

G. **Continuing Education.** Contractor shall ensure its field personnel are offered relevant and frequent education and training courses to assist them to maintain certification/licensure as defined in California Code of Regulations Title 22, Chapters 2, 4 and 11. To the extent possible, such education and training shall be built upon observation and findings derived from Quality Assurance/Continuous Quality Improvement.

H. **Cognitive & Psychomotor Proficiency.** Contractor shall provide evidence to BFD that it provides its EMTs an education and training system sufficient to ensure the EMTs maintain proficiency in all relevant BLS-level clinical skills and knowledge, including all applicable OCEMS protocols.

I. **Criminal Background Check.** Contractor shall provide evidence to BFD that Contractor has complied with state EMS Authority and OCEMS criminal history check requirements for all its employees who work in Orange County as EMTs. Contractor shall contact all references given on applications, including any former EMS employers.

Physical Fitness Testing & Training. Contractor shall provide evidence to BFD that Contractor provides its EMTs a program for up-to-date physical fitness testing or training used as part of the initial hiring process and/or ongoing health maintenance.

Medical Examination / Health Screening – Contractor shall provide evidence to BFD of specific process Contractor uses for pre-employment and/or ongoing medical/health screening.

J. **OCEMS Protocols** Contractor must ensure that all EMTs are sufficiently knowledgeable and proficient in all relevant OCEMS protocols.

K. **Driver History.** Contractor shall require all of its ambulance driver candidates to submit a current California Department of Motor Vehicles Driving Record Report as requested by BFD. Contractor shall utilize the California Department of Motor Vehicles Pull Notice Program for all ambulance personnel in its employ.

L. **Driver Training Program.** Contractor shall require all ambulance personnel successfully complete an approved emergency ambulance driver- training program to ensure that ambulances are operated in a legal and safe manner. The driver-training program must be designed to verify driving proficiency upon hire and on an annual. The driver program shall meet or exceed industry standards.

M. **Vehicle & Equipment Familiarity.** Contractor shall ensure that all EMTs are thoroughly familiar with all aspects of vehicle operation, including the location and use of all on-board equipment and supplies and all aspects of Orange County EMS mandated radios.

N. **Training of Primary Units.** All of Contractor's employees who are regularly assigned to Brea shall be required to participate in an orientation training provided by the BFD. Contractor shall bear all employee costs associated with this training.

5. Health Insurance Portability and Accountability Act (HIPAA).

Contractor shall implement a comprehensive plan appropriate policies and procedures for compliance with the Health Insurance Portability and Accountability Act of 1996 and the latest rules and regulations enacted by the Department of Health and Human Services (collectively "HIPAA"). Contractor is responsible for all aspects of its HIPAA compliance, including protecting the confidentiality of patient information, and the cost of such compliance. Contractor shall immediately report to City and OCESMA any violations or possible violations of HIPAA rules and regulations along with Contractor's actions to mitigate the effect of such violations.

6. Audits and Inspections

A. **Business Office(s).** At any time during normal business hours, and as often as may be deemed reasonably necessary by City, City may observe and inspect Contractor's business office or offices, and Contractor must make promptly available to City for its examination, all Contractor records that pertain to its performance of the Agreement. City may audit, examine, and copy any and all records that pertain to the performance of this Agreement, including personnel records, daily logs, conditions of employment, financial/billing records, and all other records or data. City's right to inspect Contractor's business office and any and all records pertaining to its performance of the Agreement will be restricted to normal business hours and reasonable notice shall be given to Contractor in advance of such inspection.

B. **Facilities/Vehicles.** City may, at any time and without prior notice, observe and inspect Contractor's vehicles, ambulance dispatch center, maintenance facilities, personnel, and/or any ambulance posting location(s). City employees may be assigned to ride as observers on any Contractor vehicle at any time provided, however, that in exercising this right to inspect and observe, City Employees shall conduct themselves in a professional and courteous manner and shall not interfere in any way with either Contractor's employees in the performance of their duties or Contractor's employer-employee relationships.

7. Response Time Requirements

A. **Required Response Times.** Contractor's ambulances shall maintain ninety six percent (96%) compliance on a quarterly basis with the following response times to all areas of Brea:

Code 2 within 15 minutes or less

Code 3 within 10 minutes or less

B. **Measurement.** Response times shall be measured in full minutes, rounded upward, from the time of dispatch until Contractor's ambulance arrives on scene. Where more than one of Contractor's ambulances are dispatched to the same scene, only the response time of the ambulance arriving first will be counted for purposes of calculating the response time. Only times recorded by Metro Cities Fire Authority Communications Center shall be used to determine response times.

C. **Use of Mutual Aid.**

i. For purposes of maintaining compliance with the response time requirements required by City, Contractor shall negotiate and enter into a separate mutual aid agreement(s) with neighboring ambulance service operators for the provision of back-up, secondary emergency ambulance transportation services within Brea.

ii. All secondary mutual aid provider agreements shall subject to the prior review and approval of the Fire Chief, who shall have sole and absolute discretion to approve the agreement. Contractor shall provide a copy of the final, signed agreement shall be sent to the City EMS Manager.

iii. The response times of any secondary mutual aid provider responding to an incident in Brea pursuant to a mutual aid agreement with Contractor shall be attributable to Contractor.

iv. All emergency ambulance transportation services provided by a secondary mutual aid provider pursuant to a mutual aid agreement with Contractor must meet the operational standards, procedures, and requirements set for in the Agreement and this Scope of Services; provided, however, that Contractor, and not the secondary mutual aid provider, shall be responsible for ensuring compliance with such operational standards, procedures, and requirements, including the imposition of all applicable penalties and payment of all fee and reimbursements.

v. All secondary mutual aid providers operating in Brea pursuant to a mutual aid agreement with Contractor, and the provider's employees, shall cooperate with City in any audit requested by City concerning their performance.

8. Complaints.

Contractor shall immediately notify City in writing of any complaints, inquiries, or investigations initiated by EMSA, and/or any other federal, state, or local regulatory agency regarding Contractor's service delivery; service quality, billing practices; medical training and/or care; and personnel. Nothing in this Agreement shall be construed as superseding the authority of any other duly empowered regulatory agency from separately and/or concurrently exercising its authority to provide regulatory oversight and to take action to ensure that Contractor's private, emergency ambulance response services are administered according to law.

9. Medicare/Medi-Cal Participation.

All of Contractor's obligations regarding the retention or access to records regarding or related billing services shall only apply to such billing services provided before July 1, 2024. Contractor hereby warrants and represents that it is not the subject of any pending actions, investigations, or prosecutions, whether civil, criminal, or administrative, relating to an enrolled provider in good standing in the Medicare and Med-Cal billing or reimbursement practices, and that Contractor shall not employ or utilize individuals for the performance of services hereunder who have been excluded from any state or federal health care program. Contractor further warrants and represents that: (i) it is not currently excluded, or threatened with exclusion, from participating in any federal or state funded health care program, including Medicare and Medi-Cal, and (ii) it has never been excluded by any of the aforementioned

programs. Contractor shall promptly notify City of any imposed exclusions or sanctions covered by this warranty, and City reserves the right to terminate the Agreement upon receipt of such notice.

10. Audit and Access to Records

Prior Billing Services. As of July 1, 2024, Contractor is no longer required to provide billing and collection services under the Agreement. All of Contractor's obligations regarding the retention or access to records regarding or related billing services shall only apply to such billing services provided before July 1, 2024.

Accounting To the extent that Contractor has any such records, Contractor shall maintain accurate and complete records of all patient accounting, including: (i) all patient invoices; (ii) all patient/insurer payments; (iii) all BLS service charges; (iv) all ALS service charges; (v) all ALS reimbursement payments; (vi) all medical supply reimbursements; (vii) all invoices, payments, and correspondence to and from private insurers, federal or state health care programs, and other responsible third parties; and (viii) all records evidencing payments made by Contractor to City in connection with its performance under the Agreement. Such accounting shall be performed by Contractor in accordance with generally accepted accounting principles and practices consistently applied. City shall have access to such records and information upon 72 hours advanced written notice at all times during normal business hours for the purpose of inspection, audit, review, evaluation, and duplication. Contractor shall, at no cost to City, provide proper facilities for City's access, inspection, audit, review, evaluation, and duplication of such information.

A. **Sharing of Information and Documentation and Respect of Privacy.** Contractor shall permit City to access Contractor's respective books and records as they relate to billing and reimbursement for services prior to July 1, 2024. Contractor shall share all patient care and billing information necessary to properly submit Medicare claims, including patient care reports and billing slips. Contractor shall within 30 days of receiving any requests for information or documents from the patient, the Centers for Medicare and Medicaid Services ("CMS") (formerly HCFA) or its authorized carrier or intermediary, other payment source, or other state or federal agency with oversight of the billing and patient care practices of the parties pursuant to the contract, make available to City any and all such records requested. All information or documents exchanged between the parties related to personal health information of a patient shall be exchanged in compliance with all privacy laws and rules, including the privacy rule established under HIPAA. Both parties will agree to maintain policies to protect the confidentiality of patient information to the extent required by law and to educate and enforce such policies with their respective personnel.

B. **Audit Report.** An Audit concerning Monthly Payments may be conducted at the sole discretion of City at any time throughout the contract term. If instructed, Contractor shall promptly produce an audit list (in an approved electronic format) to City's auditors, which contains the following information:

Name of responsible party invoiced per transport;
Patient name and address
Indicate BLS, ALS, or ALS Assessment/BLS Transport
Date of call for service
Incident number
Amount invoiced per transport
Amount recovered per transport
Any exemption requests for transports included in the audit sample
Any other requested relevant information required to perform an audit

11. Public Safeguards and Emergency Takeover

In the event of termination, Contractor shall fully cooperate with and shall immediately assist City and the successor ambulance service operator to effectuate an immediate, efficient, orderly takeover of all 911-Fire/EMS Emergency Ambulance Transportation and Related Services within City's boundaries so as to ensure that there will be no service interruption to the public.

12. Transition Services

A. In the event of a reduction of the scope of services, termination or expiration of the Agreement, Contractor shall continue providing the Services until a successor ambulance service operator is approved to take over the Services from Contractor if requested to do so by City. Contractor's performance of the Services during this transition period shall be subject to the same terms and conditions that were applicable during the term of the Agreement. During this transition period, Contractor shall fully cooperate with, and immediately assist City and its approved successor ambulance service operator(s) to ensure there is no interruption in provision of the Services to the public.

B. Contractor may take reasonable steps to prepare for transitioning services to City's approved successor ambulance service operator(s), and City shall not unreasonably withhold its approval of any Contractor request to begin an orderly transition process, including relocating Contractor's personal and reducing Contractor's inventory or supplies, so long as such actions are approved in advance by the Fire Chief and would not impair or impede Contractor's ability to perform Services during the transition period.

ATTACHMENT 2

“EXHIBIT B REVISED RATES, REIMBURSEMENTS & FEES”

1. **Transport Service Rates.** Contractor shall provide the Services set forth in Exhibit A at the rates set forth below. Contractor's sole compensation for providing all Emergency Transportation Services, specifically including but not limited to the standby and surge provisions, will be the Contract Price. Contractor shall invoice City on a biweekly basis with an invoice and backup documentation (“Services Invoice”) for the Services provided and no later than five (5) days of the conclusion of two-week invoice period. City reserves the right to require additional information or documentation to support the Service Invoice amount. City shall pay any undisputed invoices within 30 days of receipt.

Estimated Ambulance Transport Rate

Hours per Week (A)	168
Weeks per Year (B)	52
Hours per Year (AxB)	8,736
Estimated Cost per Coverage Hour	\$102.94
Cost per Year per Ambulance	\$899,283.84
Number of Ambulances	2
Annual Cost for 2 Ambulances	\$1,798,567.68
Biweekly Cost for 2 Ambulances	\$69,175.68

2. **Risk of Non-Payment.** If Contractor does not provide proper and timely documentation to City and/or any City-designated vendor of Services provided, Contractor assumes the entire risk of non-payment from third parties for any and all of the services rendered and the charges incurred in connection with its performance under the Agreement, including all BLS and ALS charges incurred, as well as all ALS reimbursements and medical supply reimbursements regardless of whether Contractor receives payment for services rendered from any source.

3. **Deleted.**

4. **Deleted.**

5. **Deleted.**

6. **Deleted.**



City Council Regular Meeting Communication

Adoption of a new job description and salary table for Ambulance Operator, amend the position allocation list for FY 2024/25 to reflect the changes and place the classification in the Part-Time Employment and Benefits Policy, adopt compensation and benefits plan for full-time equivalent position.

Meeting	Agenda Group	
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR	Item: 4G
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Approve the Resolutions: 1) amending the Part-Time Employment and Benefits Policy by adding the salary and classification of Ambulance Operator; 2) adopt a compensation and benefits plan for full-time equivalent positions 3) amending the Position Allocation List to include this position in the Fire Department and one Human Resources Technician in the Administrative Services Department and 4) adopting new job description and salary range for Ambulance Operator.

BACKGROUND/DISCUSSION

Emergency ambulance transport services, and related billing services, have been provided to the community by a third-party contractor, Emergency Ambulance Services, In. (EAS), since 1978. The Brea Fire Department entered into a formal written agreement with EAS on March 1, 2022, where EAS provided Basic Life Support (BLS) functions during an ambulance transport service in-house. At the October 3, 2023 City Council meeting, the City Council approved actions to establish an in-house ambulance program and provided direction to staff to establish a job classification for Ambulance Operator and develop a staffing model for the program.

For City Council consideration is a resolution authorizing the creation of a new Ambulance Operator classification to provide services under the Brea Fire Department. This position is to serve a non-safety/non-exempt "at will" unrepresented entry level position. This position is intended to support the City's emergency ambulance transport operations and activities, providing office and logistical support to the assigned supervisory and management staff, and provide Ambulance Operators with a strong background and training for entry into the fire service. This class is distinguished from the Firefighter in that the latter is a sworn position and performs a variety of duties involving the protection of life and property, and routinely responds to emergency calls, requiring a higher level of knowledge, skill, and training.

The goal is to encourage growth and development while promoting organizational morale and developing the best fit to serve Brea's community. Furthermore, accomplishing these objectives will achieve the Fire Departments critical goal of providing exemplary customer service, creating opportunities for coordination, and improving overall efficiencies and effectiveness of emergency response times with the community.

In order to implement the proposed change, the City Council will have to amend the Position Allocation List, which authorizes staffing levels. It is preliminary anticipated that the ambulance program staffing levels will include twelve (12) full-time Ambulance Operators and ten (10) part-time Ambulance Operators, one (1) Administrative Clerk in the Fire Department and one (1) dedicated Human Resources Technician in the Administrative Services Department. The focus of requesting these positions will be to provide full coverage to Brea's growing population and a program for employees to develop and acquire the necessary skills to qualify to become Firefighters in the future and design an organizational chart that will serve the community if Brea with excellence. The Fire Department anticipates having a full program report to City Council on June 18, 2024.

A labor market analysis and internal review was conducted to determine compensation levels for the proposed

A labor market analysis and internal review was conducted to determine compensation levels for the proposed Ambulance Operator classification. We were unable to find sufficient comparable positions within Brea's ten-city labor market at this time. Based on available data, we recommend setting the salary ranges as listed in the attached Exhibit B. This position will be a 3-year limited term position so most likely employees will never reach top step. Therefore, based on comparable salary survey, we recommend setting the hourly salary range of \$19.00 – \$22.03 for part-time employees and a range of \$19.00 – \$24.32 for full-time equivalent positions. Our part-time policy limits positions to 7 steps while full-time positions have 11 steps.

Based on the nature of duties outlined in the job description, it is proposed that the City Council assign this classification in the Part-Time Employment and Benefits Policy for part-time staff. It is also recommended that City Council approve the attached compensation and benefits plan resolution outlining the recommended limited benefits available for this unrepresented classification. The benefits are based on those available to employees in the general employees bargaining unit (BCEA). The City consulted with the Brea Fire Association and they opted to not represent this classification. Lastly, the City's Master Salary Schedule will be updated to add the classification.

Based upon consultation with cities that run their own ambulance program and the proposed staffing levels, it was determined that an additional HR Technician positions is necessary to fill the recruitment needs of such a program. The intent of this position is to be dedicated to supporting fire and police recruitment needs with the priority being the Ambulance Operator recurring recruitments. The Human Resources Division currently has six approved positions in the Position Allocation List (HR Manager, Sr. HR Analyst, HR Analyst, two HR Technician, and an Administrative Clerk). This action will result in the division having three approved HR Technician positions

In general, the HR Technician position in the Human Resources Division performs a wide variety of general administrative duties. They provide day to day administration of the recruitment process: provide coordination among departments involved; review and evaluate applications; prepare, administer and grade written, performance and other examinations; participate in and supervise oral examination boards; supervise notification process, explain policies and procedures to applicants and staff from other departments; prepare and maintain eligibility lists. We anticipated filling this position in early summer and expect to start recruitment for the Ambulance Operator positions in late summer to allow sufficient time to hire staff to implement the program on January 1, 2025.

FISCAL IMPACT/SUMMARY

The recommended salary range and benefits for the Ambulance Operator positions would result in approximately \$71,368 annual cost based upon the step 1 of a full-time equivalent position and approximately \$39,520 for part-time position. One-time and ongoing operating costs for these positions are being calculated by the Fire Department and it is expected that a full staffing and budget report will be presented at the June 18, 2024 City Council meeting.

The recommended salary range and benefits for the Human Resources Technician position to support the recruitment

Attachments

[RESOLUTION NO 2024-0XX PT Ambulance Operator \(003\).pdf](#)

[Exhibit A - Ambulance Operator Job Description.pdf](#)

[Exhibit B - Ambulance Operator Salary Schedule.pdf](#)

[RESOLUTION NO 2024-0XX Fire AO Benefit Plan 5.21.24.pdf](#)

RESOLUTION NO. 2024-0XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA 1) ADOPTING THE AMBULANCE OPERATOR CLASSIFICATION AND SALARY RANGE; 2) ESTABLISH THAT THIS CLASSIFICATION WILL HAVE ITS SALARY AND BENEFITS CONTAINED WITHIN THE PART-TIME EMPLOYMENT AND BENEFITS POLICY FOR PART-TIME EQUIVALENT EMPLOYEES; AND 3) ADOPT AND IMPLEMENT COMPENSATION AND BENEFITS FOR FULL-TIME EQUIVALENT EMPLOYEES

A. Recitals.

- (i) Section 2.08 of the Brea Municipal Code provides that the City Council shall prepare, revise and maintain a position classification plan covering all positions within the classified services, including employment standards and qualifications for each classification.
- (ii) The Brea Municipal Code provides that the City Council shall approve a plan of compensation directly correlated to the position classification plan and a rate or range of pay for each classification.
- (iii) It is necessary, from time to time, to review and adjust the classification and compensation plan to reflect the changing organizational responsibilities of the City and to insure the efficient economical operation of the various City departments.
- (iv) In order to most effectively implement and monitor the position classification plan, it is necessary, from time to time, to amend the Position Allocation List which specifies the actual number and distribution of authorized positions within the City.

B. Resolution

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea to:

1. Adopt and amend the City's existing position classification plan to include Ambulance Operator Classification, as attached hereto as Exhibit A and incorporated herein by reference.

2. Adopt and amend the City's existing position classification plan to include one Human Resources Technician Classification to the position allocation list.

3. Amend the City's existing Part-time Employment and Benefits Policy by adding the job title and salary range of Ambulance Operator as attached hereto as Exhibit B and incorporated herein by reference.

APPROVED and ADOPTED THIS 21ST DAY OF MAY, 2024.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing resolution was introduced at a regular meeting of the City Council of the City of Brea, held on the 21st of May 2024, and was adopted by the following votes:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

Exhibit A

CITY OF BREA

AMBULANCE OPERATOR

DEFINITION

Under direct supervision, perform a variety of duties in support of the City of Brea's emergency ambulance transport program; operates a city owned ambulance responding to medical aid calls; provides basic medical care to the ill and injured within scope of practice and accordance with established policies, procedures, and protocols; performs a variety of general duties in support of the fire department; and performs related work as required.

DISTINGUISHING CHARACTERISTICS

This is a non-sworn/non-firefighter, entry-level classification within the Fire Department with a limited-term assignment of 36 months with the possibility of an extension. This position is intended to provide Ambulance Operators with a strong background and training for entry into the fire service. Incumbents perform various duties in support of the City's emergency ambulance transport operations and activities and are responsible for providing office and logistical support to the assigned supervisory and management staff in a variety of areas. Successful performance of the work requires knowledge of Fire Department functions and activities and the ability to perform duties independently. This class is distinguished from the Firefighter in that the latter is a sworn position and performs a variety of duties involving the protection of life and property, and routinely responds to emergency calls, requiring a higher level of knowledge, skill, and training. This class is further distinguished from the classifications assigned to Paramedic duties in that the latter functions in a lead capacity with the performance of the more advanced care provided during a medical emergency. Incumbents are miscellaneous non-sworn employees as it relates to retirement and workers' compensation purposes.

SUPERVISION RECEIVED AND EXERCISED

Incumbents generally receive direct supervision from an assigned Fire Captain and may receive direction from other department supervisory or management staff.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS - Essential job functions include, but are not limited to, the following: *(These functions may not be present in all positions in this classification. When a position is to be filled, the essential functions will be noted in the announcement of position availability. Management reserves the right to add, modify, change or rescind work assignments as needed).*

Operates City-owned ambulances and other assigned vehicles as directed to and from medical emergencies as part of the emergency ambulance transport; may drive ambulance or other department vehicles during non-emergencies; responsible for safe

CITY OF BREA
Ambulance Operator (continued)

operation of vehicles and adhering to related laws, regulations, and department policy; communicates with dispatch, emergency services staff, and hospital medical personnel.

Assists paramedics within the Orange County Emergency Medical Services Emergency Medical Technician (OCEMS EMT) scope of duties by providing basic medical care and treatment to individuals requiring medical attention.

Lifts, carries, and pushes/pulls ambulatory and non-ambulatory patients to transport.

Prepares and maintains a variety of logs, records, and reports including ambulance billing, patient care reports, and equipment and station logs; maintains confidentiality by following all Federal, State, and local laws and regulations including the Health Insurance Portability and Accountability Act (HIPAA).

Learns and develops an understanding of applicable policies, procedures, and work methods associated with assigned duties; uses fire and medical terminology.

Oversees maintenance and cleanliness of the City's ambulance and adjacent areas; inventories, orders, and stocks necessary supplies.

Attend and successfully complete department and hospital training sessions and drills.

Participate in station and equipment clean-up, and assist in maintaining city vehicles and fire department facilities.

May participate in training programs to develop an awareness of the duties, activities, and responsibilities of individuals involved in fire suppression and the emergency medical tools and equipment they handle.

Interprets, applies, explains, and ensures compliance with complex Federal, State, and local laws, codes, regulations, and departmental policies and procedures.

Assists various City personnel in program functions assigned, including, but not limited to, community events and similar activities.

Provides logistical support for the department's facilities and fleet.

May perform a variety of non-sworn, non-firefighter duties as needed to assist the Fire Department in support of various activities and duties.

Performs other duties as required.

QUALIFICATIONS

Knowledge of:

CITY OF BREA
Ambulance Operator (continued)

Basic functions, principles, and practices of fire service agencies and emergency ambulance transport services.

Principles of safe emergency work practices including emergency ambulance and transportation procedures and gurney operations.

Fire terminology and law enforcement codes, including emergency radio communication procedures.

Applicable Federal, State, and local laws, regulatory codes, ordinances, and regulations, including administrative policies and procedures relevant to the assigned area of responsibility.

Basic medical terminology and documentation.

Basic first aid techniques and cardiopulmonary resuscitation (CPR) procedures.

Emergency vehicle operations and vehicle maintenance.

Basic arithmetic and statistical techniques. English usage, grammar, spelling, vocabulary, and punctuation.

Business letter writing and the standard format for reports and correspondence.

Modern office practices, methods, and computer equipment and applications related to the work, including, but not limited to, specialized and standard database, word processing, spreadsheet software, and report generation computer software packages.

Record keeping principles and procedures.

Techniques for providing a high-level of customer service by effectively dealing with the public, vendors, contractors, and City staff.

General principles of risk management related to the functions of the assigned area.

Recent and on-going developments, current literature, and sources of information related to the operations of the assigned department.

Occupational hazards and standard safety practices necessary in the assigned area.

Techniques for dealing with and solving the problems presented by a variety of

CITY OF BREa
Ambulance Operator (continued)

individuals from various backgrounds, in person and over the telephone.

Ability to:

Safely drive an ambulance and other assigned vehicles.

Work effectively in difficult and/or hazardous emergency situations and environments carrying out work assignments as instructed.

Read electronic/ paper and incident maps, follow map directions, learn City geography and street layout.

Understand the functions, principles, and practices of municipal emergency ambulance transport services within a Fire Department.

Obtain necessary information from individuals in stressful or emergency situations.

Interpret, apply, explain, and ensure compliance with applicable Federal, State, and local laws, codes, regulations, and departmental policies and procedures.

Analyze situations and identify pertinent problems and/or issues; collect relevant information to determine realistic options; recommend and implement appropriate course of action.

Recognize individuals who may be experiencing medical emergencies and respond accordingly.

Prepare clear and effective reports, correspondence, and other written material.

Organize, maintain, and update office database and records systems.

File materials alphabetically, chronologically, and numerically.

Organize own work, set priorities, and meet critical time deadlines.

Understand and carry out oral and written directions independently.

Ensure tracking and audit systems are followed and maintained.

Demonstrate an awareness and appreciation of the cultural diversity of the community.

Maintain accurate logs, records, and basic written records of work performed.

CITY OF BREA
Ambulance Operator (continued)

Enter and retrieve data from a computer with sufficient speed and accuracy to perform assigned work.

Operate modern office equipment including computer equipment and specialized software applications programs.

Use English effectively to communicate in person, over the telephone, in writing, and on the radio.

Use tact, initiative, prudence, and independent judgment within general policy and legal guidelines in politically sensitive situations.

Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work

Maintain strict confidentiality, discretion, and professionalism in handling and processing of critical and sensitive information, records, and reports.

Provide quality customer service.

Experience and Education:

To qualify for this classification, an individual must possess any combination of experience and education that would likely produce the required knowledge and abilities, and enable the individual to successfully perform the essential job functions of the position.

A typical combination is:

Experience

No experience is required but Emergency medical experience in the 911 field is highly desirable

Education

Graduation from high school, GED or equivalent.

Licenses and Certification:

Possession of a valid Class C Driver's License issued from the California Department of Motor Vehicles.

Possession of a valid Department of Motor Vehicles Ambulance Driver certificate.

CITY OF BREA
Ambulance Operator (continued)

Possession of a current State of California EMT-1 or Paramedic certificate from an accredited organization.

Possession of a current CPR certificate from American Heart Association or American Red Cross.

PHYSICAL TASKS AND ENVIRONMENTAL CONDITIONS include, but are not limited to the following:

Ability to:

Physical strength to and agility to lift and carry heavy objects, such as a gurney while transporting patients and fire suppression equipment.

Lift, pull and operate gurney; climb ladders, scaffolds and stairs.

Bend, stoop, kneel, crawl in tight places.

Withstand a variety of environmental factors including working in the heat or cold, confined spaces, slippery/uneven surfaces, work irregular hours.

Exposure to toxic chemicals, fumes, smoke, gases and solvents.

Work long periods of time without relief.

Safely drive emergency vehicles in response to emergency and routine calls.

Far visual acuity at least 20/30 binocular corrected with contact lenses or spectacles;

Be able to identify red, green and yellow.

Based on assignment work normal 9-hour daytime shifts or 24-hour shifts, if necessary.

Exposure to:

Employees work primarily in the field and/or in a fire station where significant health and safety hazards may be encountered, including but not limited to:

Inclement weather conditions

Loud noise levels

CITY OF BREA
Ambulance Operator (continued)

Road and/or land hazards

Confining workspace

Chemicals

Mechanical and/or electrical hazards

Hazardous physical substance

Smoke and fumes.

Incumbents may be exposed to blood and bodily fluids while administering aid and/or assisting in an emergency, exposure to individuals and persons potentially infected with communicable diseases and to blood-borne and/or airborne pathogens.

Employees shall, as a condition of their employment, refrain from smoking tobacco at any time on or off duty. Violation of this condition of employment may subject the employee to disciplinary action.

Exhibit B**Ambulance Operator**

CITY OF BREA SALARY TABLE

Effective pay period beginning 05/21/2024

STEP	HOURLY	APPROX BI-WEEKLY	APPROX MONTHLY	APPROX ANNUAL
1	\$19.00	\$1,520.00	\$3,293.33	\$39,520.00
2	\$19.48	\$1,558.00	\$3,375.67	\$40,508.00
3	\$19.96	\$1,596.95	\$3,460.06	\$41,520.70
4	\$20.46	\$1,636.87	\$3,546.56	\$42,558.72
5	\$20.97	\$1,677.80	\$3,635.22	\$43,622.69
6	\$21.50	\$1,719.74	\$3,726.10	\$44,713.25
7	\$22.03	\$1,762.73	\$3,819.26	\$45,831.08
8	\$22.59	\$1,806.80	\$3,914.74	\$46,976.86
9	\$23.15	\$1,851.97	\$4,012.61	\$48,151.28
10	\$23.73	\$1,898.27	\$4,112.92	\$49,355.06
11	\$24.32	\$1,945.73	\$4,215.75	\$50,588.94

RESOLUTION NO. 2024-0XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA ADOPTING A COMPENSATION AND BENEFITS PLAN FOR THE FULL-TIME EQUIVALENT UNREPRESENTED EMPLOYEES ASSIGNED TO THE AMBULANCE OPERATOR CLASSIFICATION

A. Recitals.

- (i) Section 2.08 of the Brea Municipal Code provides that the City Council shall prepare, revise and maintain a position classification plan covering all positions within the classified services, including employment standards and qualifications for each classification.
- (ii) The Brea Municipal Code provides that the City Council shall approve a plan of compensation directly correlated to the position classification plan and a rate or range of pay for each classification.
- (iii) It is necessary, from time to time, to review and adjust the classification and compensation plans to reflect the changing organizational responsibilities of the City and to insure the efficient economical operation of the various City departments.
- (iv) It is the desire of the City to adopt a compensation and benefits plan for the unrepresented Full-Time equivalent Ambulance Operator classification.
- (v) All benefits set forth in this Resolution shall be effective May 21, 2024, unless specifically provided herein.

B. Resolution

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea, as follows:

1. Adopt and implement a compensation and benefits plan for Full-time equivalent Ambulance Operators as follows:

SECTION I. SALARY

A. Salary Range Format

The salary ranges for Ambulance Operator are based on a compensation survey to ensure both the entry and maximum levels of the salary ranges are competitive with the labor market.

The salary range will consists of eleven (11) steps. The maximum of the salary range is set at the median top step in the labor market.

Salaries will be adopted and commence on May 21, 2024, and are listed in Exhibit "A" and attached hereto and made a part thereof.

B. Merit Salary Adjustment

Employees are subject are subject to the City's Human Resources Rules and Regulations as they apply to merit increases. Employees who have not reached the top step of the assigned salary range for their classification shall be eligible for a merit increase as delineated below.

Employees who have not reached the top step of the assisgned salary range shall be eligible for a merit increase only after completion of one (1) years of service with a performance review.

C. Overtime

The overtime rate will be calculated according to FLSA guidelines.

SECTION 2. MAJOR HEALTH AND WELFARE BENEFITS

A. Flexible Benefit Plan

The City's Flexible Benefit Plan shall include for employees and eligible dependents under the Unrepresented "at-will" classification of Ambulance Operator City sponsored: medical insurance, dental insurance, and vision care insurance.

Effective May 21, 2024, the City's contribution toward Flexible Benefit Plan contribution for employees enrolled in a City sponsored CalPERS medical plan shall be:

Single employee	\$800 per month
Employee plus 1 dependent	\$1,175 per month
Employee plus 2 or more dependents	\$1,550 per month

B. Public Employee's Retirement System (CalPERS)

All employees covered under this Resolution shall be members of the State of California Public Employees' Retirement System (CalPERS) and are subject to all applicable provisions of the City's contract with CalPERS, as amended. As regards to Classic employees hired on or before City Council adoption of this Resolution, into Ambulance Operator classifications, effective the first payroll period commencing on or after May 21, 2024, or the date of City Council adoption of this Resolution, whichever is later. The above City-funded Classic Miscellaneous employee CalPERS contributions shall eight percent (8%). This cost sharing contribution shall be treated as normal member CalPERS contributions to the extent provided by statute.

New Employee or New Member. Pursuant to PEPRA, "new employees" or "new

members" hired on or after January 1, 2013, are enrolled in the 2% at 62 retirement formula for Local Miscellaneous Members (Government Code Section 7522.20) based on the three highest consecutive years.

PEPRA Employee Contribution. Pursuant to PEPRA, "new employees" or "new members" hired on or after January 1, 2013, shall pay at least fifty percent (50%) of the total normal cost of pension as is determined each year by CalPERS to be the employee contribution rate.

Implentation of the above funding of the employee CalPERS contributions shall be accomplished by means of each affected employee incurring a payroll deduction each payroll period in the above amounts. Said payroll deductions shall be on a pre-tax basis pursuant to IRS Code Section 414 (h) (2).

1959 Survivor Benefit. The CalPERS Retirement Plan has been amended to include the Fourth Level 1959 Survivor Benefit. The employee shall pay 100% of all monthly costs for this benefit, in addition to the \$2.00 monthly cost for the Basic Level 1959 Survivor Benefit. Said funding shall be by means of a payroll deduction.

SECTION 3. LEAVE TIME BENEFITS

A. Vacation Accruals

Ambulance Operators shall earn and accrue vacation leave time at the following rates:

<u>Following</u>	<u>Vacation Accrual</u>
Initial Hire	80 hours/year (approx. 3.08 hours/payroll period)
Completion of 7 Years	120 hours/year (approx. 4.61 hours/payroll period)

Completion of 13 Years	160 hours/year (approx. 6.15 hours/payroll period)
Completion of 16 Years	185 hours/year (approx. 7.11 hours/payroll period)
19 Years	200 hours/year (approx. 7.69 hours/payroll period)

Maximum accrual of vacation shall be four hundred (400) hours of vacation leave. Vacation payoff upon separation shall be compensated at current regular rate of pay for any vacation accrued but not taken.

B. Holidays

1. Ambulance Operators shall be paid for twelve (12) holidays per year, as follows:

- Independence Day, July 4
- Labor Day, first Monday in September
- Thanksgiving Day
- The day following Thanksgiving Day
- Christmas Eve, December 24
- Christmas Day, December 25
- New Year's Eve, December 31
- New Year's Day, January 1
- Martin Luther King Jr. Day, third Monday in January
- President's Day, Third Monday in February
- Memorial Day, last Monday in May
- Floating Holiday

The holiday shall be observed on Friday when the actual legal holiday falls on Saturday.

The holiday shall be observed on Monday when the actual legal holiday falls on Sunday.

1. Floating Holiday Hours. Each employee shall be granted nine (9) hours of

floating holiday leave time on July 1 of each fiscal year. This time shall not be carried over from one fiscal year to the next. Newly hired employees shall be granted nine (9) hours of floating holiday leave time if hired between July 1 and December 31 of each year and four and one-half (4.5) hours of floating holiday leave time if hired between January 1 and June 30 of each year.

C. Sick Leave and Bereavement Leave

1. Sick Leave. Employees shall earn eight (8) hours of sick leave per month. Sick leave shall be earned, commencing on the first day of employment, and shall accrue on a bi-weekly basis. Sick leave utilization for dental appointments, medical examinations and/or due to death or serious illness in the immediate family shall be limited to a maximum of ninety-six (96) hours per fiscal year.

2. Sick Leave Authorization Due to Death or Serious Illness in the Immediate Family.

An employee shall be allowed sick leave due to death or serious illness in the immediate family. Immediate family as used in this Section is limited to: the employee's parents and grandparents (natural, adoptive, foster, by marriage or legal guardians), current spouse, registered domestic partner, children and grandchildren (natural, adoptive, foster, or by marriage or domestic partnership), parents-in-law (or by domestic partnership), siblings, and siblings-in-law (or by domestic partnership). In the event of death in the immediate family, a death certificate or other acceptable evidence may be required by the Department Director/Chief before the sick leave is allowed. In the event of a serious illness in the immediate family, a medical certificate from an acceptable medical authority or a personal statement of such illness and an explanation of the need for the employee's absence, may be required by the Department

Director/Chief. Such leave may take travel time into consideration. The amount of sick leave used in either of these two circumstances shall be reported on the appropriate leave request form.

3. Bereavement Leave. An employee shall be allowed twenty-seven (27) hours of bereavement leave for each incident of a death of an immediate family member (as defined in Section 2 of this Article) in the event of a death in the immediate family. This bereavement leave is in addition to the sick leave which an employee may use for death in the immediate family.

APPROVED and ADOPTED THIS 21ST DAY OF MAY, 2024.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing resolution was introduced at a regular meeting of the City Council of the City of Brea, held on the 21st of May 2024, and was adopted by the following votes:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAINED: COUNCILMEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

**City Council Regular Meeting Communication****Monthly Report of Investments for the City of Brea for Period Ended April 30, 2024**

Meeting	Agenda Group	
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR	Item: 4H
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is prepared in accordance with Government Code Sections (GCS) 41004 and 53607 and contains information on the City's investment activities for the month of April. Cash for day-to-day activities is deposited in the demand and interest-bearing checking accounts. The Local Agency Investment Fund (LAIF) is used for short-term investments and functions like a savings account. In addition, on June 6, 2023, with the recommendation of the Investment Advisory Committee, the City Council authorized the use of Treasury Bills and other short-term investments as a LAIF alternative. The City's investment portfolio is for long-term investments, and is managed through Chandler Asset Management (Chandler). Together, the short and long-term investment accounts represent the City's investment portfolio.

Attachment A includes an Investment Information Summary and Monthly Account Statement prepared by Chandler. The book value represents the cost of investments, plus or minus amortization/accretion. As of April 30, 2024, the total market value of the managed investment portfolio, including accrued interest, was \$90,109,675 as compared to \$90,754,539 at March 31, 2024. The weighted average investment yield for April 30, 2024 was 2.76%, which was slightly higher than the prior month. The City's Local Agency Investment Fund (LAIF) had a total market value, including accrued interest of \$21,047,188 at April 30, 2024. Also, the balance of the City's Liquidity account at March 31, 2024 was \$2,045,354, which brings the total value of the City's investment portfolio as of April 30, 2024 to \$113,202,217 as compared to the revised balance of \$104,782,847 at March 31, 2024.

The City has restricted cash and investments held in the post-employment benefits trust account administered by PARS (PARS account), which is managed by PFM Asset Management (PFM) and the City's various bond reserve accounts which are managed by Chandler. Attachment A includes a monthly statement from US Bank for the PARS account, as well as a portfolio report from Chandler for each bond reserve account that is invested. As of April 30, 2024, the market value of the PARS account, including short-term cash and accrued interest was \$11,208,854 as compared to \$11,591,979 from the prior month. All other restricted cash investments (bond reserve accounts), including short-term cash and accrued interest, was \$686,627 in comparison to \$733,470 from the prior month.

Pursuant to the City's investment policy, with the exception of LAIF, direct time certificates of deposit and money market mutual funds, all City investments are held by third-party custodians. The Bank of New York Mellon Trust Company, N.A. (BNY) holds accounts managed by Chandler and US Bank holds the PARS account managed by PFM, which acts as an agent of the City. All securities are held in the name of the City of Brea. The City of Brea has sufficient cash flow to meet its expected expenditures for the next six months.

FISCAL IMPACT/SUMMARY

The City received over \$10 million of revenue in April. Some of the major sources of revenues are as follows: Franchise Fees (\$1.3 million); Property Tax (\$4.9 million); Sales Tax (\$2.45 million); LEAP Grant (\$150,000); and Utility Billing receipts

(\$1.5 million), which were temporarily invested. The overall City portfolio declined by \$644,864 due to the unexpected change in bond yields and inflation which led to adjusted bond prices. The City's PARS account also decreased by \$383,125 due to similar market changes. Both of the City's portfolio managers are optimistic that bond returns will improve and will continue to on the long-term performance of the City's investments. The City's bond reserve accounts decreased by \$46,843 due to bondholder payments in the amount of \$44,400 on April 1, 2024 for the 2021 Lease Revenue Bonds for the Solar and Energy Efficiency Projects as well as overall decrease in market rate adjustments in the amount \$2,443.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Faith Madrazo, Financial Services Manager, Revenue

Concurrence: Kristin Griffith, Director of Administrative Services and Monica Lo, Deputy Director of Administrative Services

Attachments

[Attachment A.pdf](#)

City of Brea
Cash and Investment Information
April 30, 2024

		Book Value	Market Value*
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	\$ 6,520,944.99	\$ 6,520,944.99
Local Agency Investment Fund	LAIF	\$ 20,996,784.80	\$ 21,047,187.83
Managed Investment Portfolio - CHANDLER	Chandler/BNY	\$ 93,357,311.40	\$ 90,109,674.91
Liquidity Account - CHANDLER	Chandler/BNY	\$ 2,045,940.31	\$ 2,045,353.95
PARS Post-Employment Benefits Trust**	Highmark/US Bank	\$ 9,983,361.28	\$ 11,208,853.75
<u>Fiscal Agent Cash & Investments**</u>			
2010 Lease Revenue Bonds	Chandler/BNY	\$ -	\$ -
2014 Downtown Brea Public Improvements CFD Bonds (CFD 1996-1)	Chandler/BNY	\$ -	\$ -
2014 Water Revenue Bonds	Chandler/BNY	\$ 421.64	\$ 421.64
2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2)	Chandler/BNY	\$ 700,806.56	\$ 683,633.04
2019 Olinda Ranch Public Improvements CFD Bonds (CFD 1997-1)	Chandler/BNY	\$ 95.08	\$ 95.08
2019 Water Revenue Bonds	Chandler/BNY	\$ 869.11	\$ 869.11
2020 Water Revenue Refunding Bonds	Chandler/BNY	\$ 456.16	\$ 456.16
2021 Lease Revenue Refunding Bonds	Chandler/BNY	\$ 1,151.60	\$ 1,151.60
Sub-total - Fiscal Agent Cash & Investments		\$ 703,800.15	\$ 686,626.63
Report Grand Total		\$ 133,608,142.93	\$ 131,618,642.06

* Includes accrued interest on invested funds

** Reserve Fund

City of Brea
Cash and Investment Information
April 30, 2024

Fiscal Agent Cash & Investments Detail		Book Value	Market Value
10129	2010 Lease Revenue Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ -	\$ -
	Sub-total	\$ -	\$ -
	2014 Downtown Brea Public Improvements CFD Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ -	\$ -
	Sub-total	\$ -	\$ -
	2014 Water Revenue Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 421.64	\$ 421.64
	Sub-total	\$ 421.64	\$ 421.64
10600	2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2) - CHANDLER	\$ 684,985.56	\$ 667,812.04
	Short-Term Treasury Funds - BNY	\$ 15,821.00	\$ 15,821.00
	Sub-total	\$ 700,806.56	\$ 683,633.04
	2019 Olinda Ranch Public Improvements Bonds (CFD 1997-1) - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 95.08	\$ 95.08
	Sub-total	\$ 95.08	\$ 95.08
	2019 Water Revenue Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 869.11	\$ 869.11
	Sub-total	\$ 869.11	\$ 869.11
	2020 Water Revenue Refunding Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 456.16	\$ 456.16
	Sub-total	\$ 456.16	\$ 456.16
	2021 Lease Revenue Refunding Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 1,151.60	\$ 1,151.60
	Sub-total	\$ 1,151.60	\$ 1,151.60
Report Grand Total		\$ 703,800.15	\$ 686,626.63

MONTHLY ACCOUNT STATEMENT

City of Brea LAIF | Account #10164 | As of April 30, 2024

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

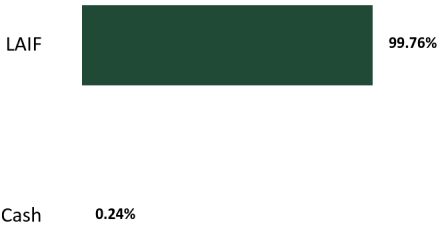
Custodian:

PORTFOLIO SUMMARY

City of Brea LAIF | Account #10164 | As of April 30, 2024

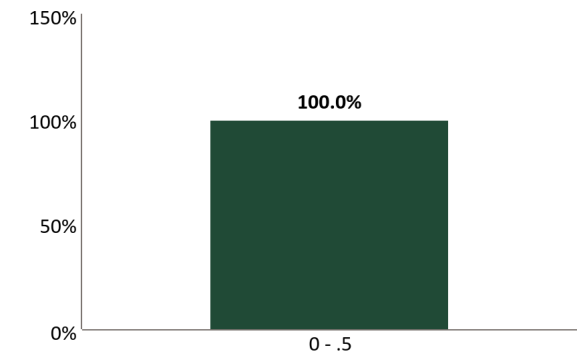
Portfolio Characteristics	
Average Modified Duration	0.00
Average Coupon	4.30%
Average Purchase YTM	4.30%
Average Market YTM	4.30%
Average Quality	AAA
Average Final Maturity	0.00
Average Life	0.00

Sector Allocation



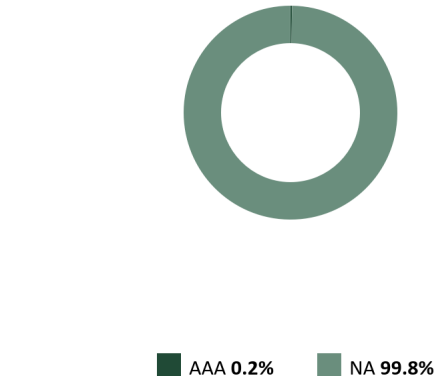
Account Summary		
	Beg. Values as of 04/01/2024	End Values as of 04/30/2024
Market Value	11,991,776.47	21,047,187.83
Accrued Interest	0.00	0.00
Total Market Value	11,991,776.47	21,047,187.83
Income Earned	0.00	126,922.79
Cont/WD	0.00	9,000,000.00
Par	11,991,776.47	21,047,187.83
Book Value	11,991,776.47	21,047,187.83
Cost Value	11,991,776.47	21,047,187.83

Maturity Distribution



Top Issuers	
LAIF	99.76%

Credit Quality



*See Footnote

Performance Review

Total Rate of Return	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	Since Inception (03/01/12)
City of Brea LAIF	0.45%	1.14%	1.48%	4.02%	2.97%	2.07%	1.85%	1.41%	1.21%

*Periods over 1 year are annualized.

Benchmark: NO BENCHMARK REQUIRED

Execution Time: 05/02/2024 03:45:43 PM

Secondary Benchmark:

The credit quality is a weighted average calculation of the highest of S&P, Moody's' and Fitch

Chandler Asset Management | info@chandlerasset.com | www.chandlerasset.com | 800.317.4747

RECONCILIATION SUMMARY

City of Brea LAIF | Account #10164 | As of April 30, 2024

Maturities / Calls

Month to Date	0.00
Fiscal Year to Date	0.00

Principal Paydowns

Month to Date	0.00
Fiscal Year to Date	0.00

Purchases

Month to Date	9,126,922.79
Fiscal Year to Date	20,930,980.97

Sales

Month to Date	0.00
Fiscal Year to Date	(1,500,000.00)

Interest Received

Month to Date	126,922.79
Fiscal Year to Date	330,980.97

Purchased / Sold Interest

Month to Date	0.00
Fiscal Year to Date	0.00

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Book Value	11,991,776.47	19,765,803.83
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	9,126,922.79	20,930,980.97
Sales	0.00	(1,500,000.00)
Change in Cash, Payables, Receivables	(71,511.43)	50,403.03
Amortization/Accretion	0.00	0.00
Realized Gain (Loss)	0.00	0.00
Ending Book Value	21,047,187.83	21,047,187.83

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Market Value	11,991,776.47	19,765,803.83
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	9,126,922.79	20,930,980.97
Sales	0.00	(1,500,000.00)
Change in Cash, Payables, Receivables	(71,511.43)	50,403.03
Amortization/Accretion	0.00	0.00
Change in Net Unrealized Gain (Loss)	0.00	0.00
Realized Gain (Loss)	0.00	0.00
Ending Market Value	21,047,187.83	21,047,187.83

HOLDINGS REPORT

City of Brea LAIF | Account #10164 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
CASH									
CCYUSD	Receivable	50,403.03	-- 0.00%	50,403.03 50,403.03	1.00 0.00%	50,403.03 0.00	0.24% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		50,403.03	0.00%	50,403.03	0.00%	50,403.03	0.24%	Aaa/AAA	0.00
LAIF									
90LAIF\$00	State Pool	20,996,784.80	-- 4.31%	20,996,784.80 20,996,784.80	1.00 4.31%	20,996,784.80 0.00	99.76% 0.00	NA/NA NA	0.00 0.00
Total LAIF		20,996,784.80	4.31%	20,996,784.80	4.31%	20,996,784.80	99.76%	NA/NA	0.00
Total Portfolio		21,047,187.83	4.30%	21,047,187.83	1.00	21,047,187.83	100.00%	Aaa/AAA	0.00
Total Market Value + Accrued						21,047,187.83	0.00	AAA	0.00

TRANSACTION LEDGER

City of Brea LAIF | Account #10164 | As of April 30, 2024

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/15/2024	90LAIF\$00	126,922.79	State Pool	1.000	4.27%	(126,922.79)	0.00	(126,922.79)	0.00
Purchase	04/23/2024	90LAIF\$00	9,000,000.00	State Pool	1.000	4.31%	(9,000,000.00)	0.00	(9,000,000.00)	0.00
Total Purchase			9,126,922.79				(9,126,922.79)	0.00	(9,126,922.79)	0.00
TOTAL ACQUISITIONS			9,126,922.79				(9,126,922.79)	0.00	(9,126,922.79)	0.00
OTHER TRANSACTIONS										
Cash Transfer	04/30/2024	CCYUSD	9,000,000.00	Cash		0.00%	9,000,000.00	0.00	9,000,000.00	0.00
Total Cash Transfer			9,000,000.00				9,000,000.00	0.00	9,000,000.00	0.00
Dividend	04/15/2024	90LAIF\$00	0.00	State Pool		4.27%	5,008.33	0.00	5,008.33	0.00
Total Dividend			0.00				5,008.33	0.00	5,008.33	0.00
TOTAL OTHER TRANSACTIONS			9,000,000.00				9,005,008.33	0.00	9,005,008.33	0.00

INCOME EARNED

City of Brea LAIF | Account #10164 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENTS						
			121,914.46	0.00	0.00	
CCYUSD	Receivable		0.00	0.00	0.00	0.00
		50,403.03	0.00	0.00	0.00	
			50,403.03	0.00	0.00	
			121,914.46	0.00	0.00	
			0.00	0.00	0.00	
			0.00	0.00	0.00	
Total Cash & Equivalents		50,403.03	50,403.03	0.00	0.00	0.00
LAIF						
			11,869,862.01	0.00	0.00	
90LAIF\$00	State Pool		9,126,922.79	126,922.79	0.00	126,922.79
		20,996,784.80	0.00	0.00	0.00	
			20,996,784.80	126,922.79	126,922.79	
			11,869,862.01	0.00	0.00	
			9,126,922.79	126,922.79	0.00	
			0.00	0.00	0.00	
Total LAIF		20,996,784.80	20,996,784.80	126,922.79	126,922.79	126,922.79
			11,991,776.47	0.00	0.00	
			9,126,922.79	126,922.79	0.00	
			0.00	0.00	0.00	
TOTAL PORTFOLIO		21,047,187.83	21,047,187.83	126,922.79	126,922.79	126,922.79

CASH FLOW REPORT

City of Brea LAIF | Account #10164 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
MAY 2024							
05/01/2024	Dividend		0.00		50,403.03		50,403.03
05/01/2024	Dividend	90LAIF\$00	20,996,784.80	State Pool	50,403.03		50,403.03
May 2024 Total					100,806.06		100,806.06
Grand Total			20,996,784.80		100,806.06		100,806.06

IMPORTANT DISCLOSURES

City of Brea LAIF | Account #10164 | As of April 30, 2024

Chandler Asset Management, Inc. ("Chandler") is an SEC registered investment adviser. For additional information about our firm, please see our current disclosures (Form ADV). To obtain a copy of our current disclosures, you may contact your client service representative by calling the number on the front of this statement or you may visit our website at www.chandlerasset.com.

Information contained in this monthly statement is confidential and is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of this statement, but may become outdated or superseded at any time without notice.

Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

MONTHLY ACCOUNT STATEMENT

City of Brea | Account #120 | As of April 30, 2024

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

Custodian:

Bank of New York Mellon

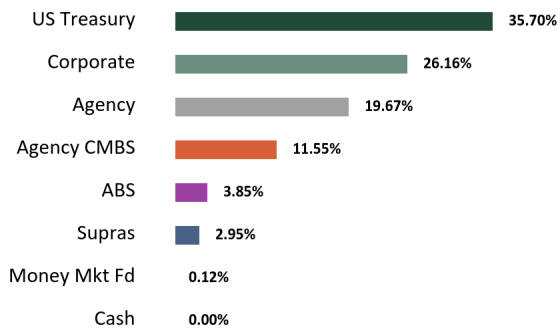
PORTFOLIO SUMMARY

City of Brea | Account #120 | As of April 30, 2024

Portfolio Characteristics

Average Modified Duration	2.49
Average Coupon	2.60%
Average Purchase YTM	2.76%
Average Market YTM	5.16%
Average Quality	AA
Average Final Maturity	2.83
Average Life	2.75

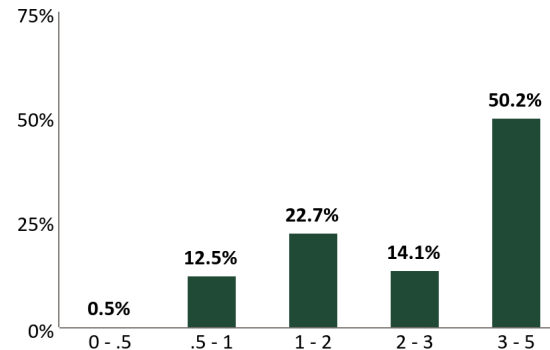
Sector Allocation



Account Summary

	Beg. Values as of 04/01/2024	End Values as of 04/30/2024
Market Value	90,303,025.49	89,602,044.23
Accrued Interest	451,513.83	507,630.68
Total Market Value	90,754,539.32	90,109,674.91
Income Earned	191,601.70	226,034.43
Cont/WD	0.00	0.00
Par	93,932,311.92	94,046,374.29
Book Value	93,254,130.35	93,357,311.40
Cost Value	93,258,579.59	93,309,107.21

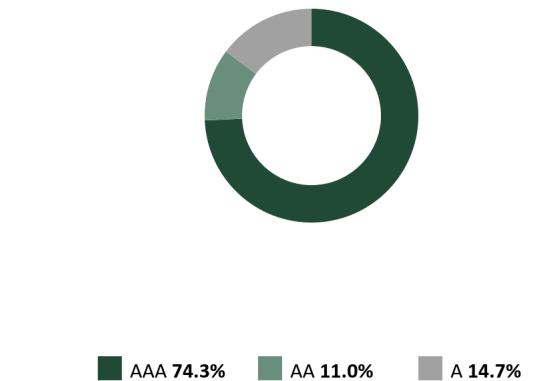
Maturity Distribution



Top Issuers

United States	35.70%
FHLMC	17.41%
FNMA	9.35%
Farm Credit System	2.27%
Federal Home Loan Banks	2.19%
Inter-American Development Bank	1.97%
Toyota Motor Corporation	1.89%
Amazon.com, Inc.	1.49%

Credit Quality



*See Footnote

Performance Review

Total Rate of Return	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	Since Inception (06/01/96)
City of Brea	(0.71%)	(0.82%)	(0.42%)	2.20%	1.61%	(0.51%)	1.09%	1.29%	3.32%
Benchmark Return*	(0.75%)	(1.11%)	(0.76%)	1.26%	1.07%	(0.88%)	0.77%	1.02%	3.00%
Secondary Benchmark Return*	(0.73%)	(1.04%)	(0.68%)	1.48%	1.22%	(0.81%)	0.86%	1.12%	--

*Periods over 1 year are annualized.

Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index Secondary Benchmark: ICE BofA 1-5 Year AAA-A Corp/Govt

The credit quality is a weighted average calculation of the highest of S&P, Moody's' and Fitch

Execution Time: 05/02/2024 11:20:15 AM

Chandler Asset Management | info@chandlerasset.com | www.chandlerasset.com | 800.317.4747

STATEMENT OF COMPLIANCE

City of Brea | Account #120 | As of April 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES (CMOS)				
Max % (MV)	100.0	0.0	Compliant	
Max % Issuer (MV)	25.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA by 1)	0.0	0.0	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV; Non Agency ABS & MBS)	15.0	3.8	Compliant	
Max % Issuer (MV)	5.0	1.1	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CERTIFICATE OF DEPOSIT PLACEMENT SERVICE (CDARS)				
Max % (MV)	30.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COMMERCIAL PAPER				
Max % (MV)	25.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1/P-1 by Moody's & S&P)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	26.3	Compliant	
Max % Issuer (MV)	5.0	1.9	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/ TD)				

STATEMENT OF COMPLIANCE

City of Brea | Account #120 | As of April 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	100.0	19.6	Compliant	
Max % Issuer (MV)	25.0	9.3	Compliant	
Max Callables (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	4	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max % (MV)	60.0	0.0	Compliant	
Max Issuer %	40.0	0.0	Compliant	
LOCAL GOVERNMENT INVESTMENT POOL (LGIP)				
Max % (MV)	60.0	0.0	Compliant	
Max % Issuer (MV)	40.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	0.1	Compliant	
Max % Issuer (MV)	20.0	0.1	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUTUAL FUNDS				

STATEMENT OF COMPLIANCE

City of Brea | Account #120 | As of April 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
REPURCHASE AGREEMENTS				
Max Maturity (Years)	1.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	15.0	2.9	Compliant	
Max % Issuer (MV)	5.0	2.0	Compliant	
Max Maturity (Years)	5	1	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	35.7	Compliant	
Max Maturity (Years)	5	4	Compliant	

RECONCILIATION SUMMARY

City of Brea | Account #120 | As of April 30, 2024

Maturities / Calls

Month to Date	0.00
Fiscal Year to Date	0.00

Principal Paydowns

Month to Date	(229,094.48)
Fiscal Year to Date	(3,443,996.96)

Purchases

Month to Date	4,215,498.44
Fiscal Year to Date	41,687,901.43

Sales

Month to Date	(3,828,738.28)
Fiscal Year to Date	(42,814,481.64)

Interest Received

Month to Date	135,419.81
Fiscal Year to Date	1,659,532.71

Purchased / Sold Interest

Month to Date	22,245.87
Fiscal Year to Date	65,974.23

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Book Value	93,254,130.35	98,602,077.37
Maturities/Calls	0.00	0.00
Principal Paydowns	(229,094.48)	(3,443,996.96)
Purchases	4,215,498.44	41,687,901.43
Sales	(3,828,738.28)	(42,814,481.64)
Change in Cash, Payables, Receivables	(15,063.41)	(17,408.89)
Amortization/Accretion	12,251.91	37,782.58
Realized Gain (Loss)	(51,673.12)	(694,562.48)
Ending Book Value	93,357,311.40	93,357,311.40

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Market Value	90,303,025.49	93,304,250.42
Maturities/Calls	0.00	0.00
Principal Paydowns	(229,094.48)	(3,443,996.96)
Purchases	4,215,498.44	41,687,901.43
Sales	(3,828,738.28)	(42,814,481.64)
Change in Cash, Payables, Receivables	(15,063.41)	(17,408.89)
Amortization/Accretion	12,251.91	37,782.58
Change in Net Unrealized Gain (Loss)	(804,162.31)	1,542,559.77
Realized Gain (Loss)	(51,673.12)	(694,562.48)
Ending Market Value	89,602,044.23	89,602,044.23

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
ABS									
36265MAC9	GMALT 2022-1 A3 1.9 03/20/2025	1,994.92	02/15/2022 1.91%	1,994.90 1,994.91	99.81 5.41%	1,991.10 1.16	0.00% (3.81)	Aaa/NA AAA	0.89 0.05
43813GAC5	HAROT 2021-1 A3 0.27 04/21/2025	7,573.46	02/17/2021 0.37%	7,573.32 7,573.45	99.69 5.61%	7,550.22 0.57	0.01% (23.22)	Aaa/NA AAA	0.97 0.06
89240BAC2	TAOT 2021-A A3 0.26 05/15/2025	31,343.33	02/02/2021 0.27%	31,337.51 31,342.41	99.71 6.47%	31,250.98 3.62	0.03% (91.43)	Aaa/NA AAA	1.04 0.05
44933LAC7	HART 2021-A A3 0.38 09/15/2025	45,675.73	04/20/2021 0.39%	45,670.93 45,674.70	99.41 5.87%	45,404.98 7.71	0.05% (269.72)	NA/AAA AAA	1.38 0.11
43815GAC3	HAROT 2021-4 A3 0.88 01/21/2026	150,788.72	11/16/2021 0.89%	150,756.94 150,777.16	97.63 6.14%	147,211.00 36.86	0.16% (3,566.16)	Aaa/NA AAA	1.73 0.45
47789QAC4	JDOT 2021-B A3 0.52 03/16/2026	154,358.63	07/13/2021 0.53%	154,344.86 154,353.89	97.81 5.50%	150,971.32 35.67	0.17% (3,382.57)	Aaa/NA AAA	1.88 0.44
89238JAC9	TAOT 2021-D A3 0.71 04/15/2026	145,332.17	11/09/2021 0.95%	145,329.07 145,331.34	97.69 6.20%	141,980.45 45.86	0.16% (3,350.90)	NA/AAA AAA	1.96 0.42
44935FAD6	HART 2021-C A3 0.74 05/15/2026	105,166.52	11/09/2021 0.75%	105,143.05 105,157.67	97.97 6.16%	103,031.04 34.59	0.11% (2,126.62)	NA/AAA AAA	2.04 0.37
43815BAC4	HAROT 2022-1 A3 1.88 05/15/2026	363,188.11	02/15/2022 1.89%	363,133.48 363,164.34	97.77 6.15%	355,091.66 303.46	0.40% (8,072.68)	Aaa/AAA NA	2.04 0.52
362554AC1	GMCAR 2021-4 A3 0.68 09/16/2026	126,473.22	10/13/2021 0.68%	126,469.99 126,472.28	97.24 6.70%	122,980.24 35.83	0.14% (3,492.04)	Aaa/AAA NA	2.38 0.46
380146AC4	GMCAR 2022-1 A3 1.26 11/16/2026	126,974.49	01/11/2022 1.27%	126,963.46 126,969.46	97.69 5.94%	124,046.46 66.66	0.14% (2,923.00)	NA/AAA AAA	2.55 0.49
47800BAC2	JDOT 2022-C A3 5.09 06/15/2027	540,000.00	10/12/2022 3.29%	539,958.10 539,974.70	99.41 5.72%	536,839.27 1,221.60	0.60% (3,135.43)	Aaa/NA AAA	3.13 1.01
161571HT4	CHAIT 2023-1 A 5.16 09/15/2028	965,000.00	09/07/2023 5.17%	964,732.50 964,766.03	99.34 5.52%	958,612.86 2,213.07	1.07% (6,153.17)	NR/AAA AAA	4.38 2.17
02582JKH2	AMXCA 2024-1 A 5.23 04/16/2029	720,000.00	04/16/2024 5.30%	719,852.40 719,853.05	99.92 5.32%	719,443.44 836.80	0.80% (409.61)	NA/AAA AAA	4.96 2.67
Total ABS		3,483,869.30	3.45%	3,483,260.52 3,483,405.40	98.93 5.72%	3,446,405.03 4,843.47	3.85% (37,000.37)	Aaa/AAA AAA	3.46 1.48
AGENCY									
3135G0X24	FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625 01/07/2025	1,875,000.00	-- 1.48%	1,888,349.75 1,876,892.49	97.53 5.33%	1,828,772.53 9,648.44	2.04% (48,119.96)	Aaa/AA+ AA+	0.69 0.66

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
3137EAEPO	FEDERAL HOME LOAN MORTGAGE CORP 1.5 02/12/2025	1,920,000.00	02/13/2020 1.52%	1,918,521.60 1,919,767.51	97.10 5.33%	1,864,321.42 6,320.00	2.08% (55,446.09)	Aaa/AA+ AA+	0.79 0.76
3135G03U5	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.625 04/22/2025	1,510,000.00	04/22/2020 0.67%	1,506,889.40 1,509,392.89	95.65 5.24%	1,444,347.43 235.94	1.61% (65,045.45)	Aaa/AA+ AA+	0.98 0.95
3135G04Z3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 06/17/2025	1,800,000.00	-- 0.46%	1,802,513.00 1,800,707.12	94.87 5.23%	1,707,615.16 3,350.00	1.91% (93,091.96)	Aaa/AA+ AA+	1.13 1.10
3137EAEU9	FEDERAL HOME LOAN MORTGAGE CORP 0.375 07/21/2025	1,800,000.00	-- 0.45%	1,793,673.60 1,798,417.56	94.38 5.17%	1,698,844.82 1,875.00	1.90% (99,572.74)	Aaa/AA+ AA+	1.22 1.19
3135G05X7	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.375 08/25/2025	1,800,000.00	-- 0.45%	1,793,460.00 1,798,148.12	93.93 5.19%	1,690,816.37 1,237.50	1.89% (107,331.74)	Aaa/AA+ AA+	1.32 1.28
3137EAEX3	FEDERAL HOME LOAN MORTGAGE CORP 0.375 09/23/2025	1,805,000.00	-- 0.44%	1,799,651.55 1,803,477.39	93.60 5.19%	1,689,393.99 714.48	1.89% (114,083.39)	Aaa/AA+ AA+	1.40 1.36
3135G06G3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 11/07/2025	1,825,000.00	-- 0.57%	1,819,098.50 1,823,200.47	93.27 5.16%	1,702,118.15 4,410.42	1.90% (121,082.32)	Aaa/AA+ AA+	1.52 1.47
3133EPGW9	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 04/25/2028	1,250,000.00	05/05/2023 3.55%	1,268,125.00 1,264,537.97	96.62 4.82%	1,207,728.36 807.29	1.35% (56,809.61)	Aaa/AA+ AA+	3.99 3.64
3133EPME2	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 06/08/2028	850,000.00	06/07/2023 3.96%	846,634.00 847,238.30	96.71 4.77%	822,041.32 13,083.51	0.92% (25,196.98)	Aaa/AA+ AA+	4.11 3.68
3130AWTR1	FEDERAL HOME LOAN BANKS 4.375 09/08/2028	2,000,000.00	09/08/2023 4.43%	1,994,580.00 1,995,272.36	98.32 4.81%	1,966,314.32 12,881.94	2.19% (28,958.04)	Aaa/AA+ AA+	4.36 3.89
Total Agency		18,435,000.00	1.52%	18,431,496.40 18,437,052.16	95.62 5.13%	17,622,313.89 54,564.51	19.67% (814,738.27)	Aaa/AA+ AA+	1.82 1.70

AGENCY CMBS									
3137BFE98	FHMS K-041 A2 3.171 10/25/2024	343,092.42	07/01/2021 0.64%	369,065.59 346,454.43	98.83 5.60%	339,093.68 906.62	0.38% (7,360.75)	Aaa/AA+ AAA	0.49 0.40
3137BNGT5	FHMS K-054 A2 2.745 01/25/2026	1,000,000.00	10/29/2021 1.22%	1,058,359.38 1,023,420.54	95.91 5.35%	959,053.20 2,287.50	1.07% (64,367.34)	Aaa/AA+ AAA	1.74 1.53
3137BQYS0	FHMS K-056 A2 2.525 05/25/2026	570,000.00	01/31/2022 1.73%	587,189.06 578,105.95	94.85 5.30%	540,669.91 1,199.38	0.60% (37,436.04)	Aaa/AA+ AAA	2.07 1.83
3137BXQY1	FHMS K-064 A2 3.224 03/25/2027	1,000,000.00	05/06/2022 3.23%	997,929.69 998,780.23	94.78 5.25%	947,832.70 2,686.67	1.06% (50,947.53)	Aaa/AAA AA+	2.90 2.55
3137FCLD4	FHMS K-071 A2 3.286 11/25/2027	2,000,000.00	04/11/2023 4.08%	1,932,500.00 1,948,055.05	93.83 5.19%	1,876,656.80 5,476.67	2.09% (71,398.25)	Aaa/AA+ AAA	3.57 3.24
3137FETN0	FHMS K-073 A2 3.35 01/25/2028	1,500,000.00	03/27/2023 4.07%	1,452,187.50 1,463,136.51	93.89 5.18%	1,408,380.30 4,187.50	1.57% (54,756.21)	Aaa/AA+ AAA	3.74 3.33

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
3137FEZU7	FHMS K-076 A2 3.9 04/25/2028	1,200,000.00	04/20/2023 4.12%	1,187,062.50 1,189,731.80	95.39 5.19%	1,144,719.60 3,900.00	1.28% (45,012.20)	Aaa/AA+ AAA	3.99 3.51
3137FGR31	FHMS K-078 A2 3.854 06/25/2028	1,300,000.00	09/18/2023 4.94%	1,240,890.63 1,248,576.57	95.14 5.18%	1,236,810.64 4,175.17	1.38% (11,765.93)	Aaa/AA+ AAA	4.15 3.62
3137FJKE8	FHMS K-082 A2 3.92 09/25/2028	600,000.00	11/28/2023 4.74%	578,718.75 580,582.09	95.09 5.18%	570,535.92 1,960.00	0.64% (10,046.17)	Aaa/AA+ AAA	4.41 3.87
3137H5YC5	FHMS K-748 A2 2.26 01/25/2029	1,500,000.00	03/25/2024 4.61%	1,350,820.31 1,353,735.32	88.14 5.15%	1,322,101.80 2,825.00	1.48% (31,633.52)	Aaa/AA+ AAA	4.74 4.28
Total Agency CMBS		11,013,092.42	3.71%	10,754,723.41 10,730,578.49	94.01 5.22%	10,345,854.55 29,604.50	11.55% (384,723.94)	Aaa/AA+ AAA	3.49 3.11

CASH									
CCYUSD	Receivable	1,019.77	-- 0.00%	1,019.77 1,019.77	1.00 0.00%	1,019.77 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		1,019.77	0.00%	1,019.77 1,019.77	1.00 0.00%	1,019.77 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00

CORPORATE									
89236TJT3	TOYOTA MOTOR CREDIT CORP 1.45 01/13/2025	810,000.00	01/10/2022 1.50%	808,914.60 809,745.49	97.19 5.58%	787,234.45 3,523.50	0.88% (22,511.04)	A1/A+ A+	0.71 0.68
00440EAS6	CHUBB INA HOLDINGS LLC 3.15 03/15/2025	1,250,000.00	03/04/2022 2.16%	1,286,200.00 1,260,436.63	97.93 5.60%	1,224,102.88 5,031.25	1.37% (36,333.75)	A3/A A	0.87 0.84
06367WB85	BANK OF MONTREAL 1.85 05/01/2025	826,000.00	07/23/2021 0.86%	856,413.32 834,079.23	96.40 5.60%	796,231.51 7,640.50	0.89% (37,847.72)	A2/A- AA-	1.00 0.96
89788MAA0	TRUIST FINANCIAL CORP 1.2 08/05/2025	650,000.00	02/03/2022 1.85%	635,726.00 644,838.97	94.42 5.84%	613,749.65 1,863.33	0.68% (31,089.32)	A3/A- A-	1.27 1.22
06406HCQ0	BANK OF NEW YORK MELLON CORP 3.95 11/18/2025	800,000.00	04/05/2022 3.21%	819,928.00 808,264.72	97.75 5.48%	782,022.13 14,307.78	0.87% (26,242.59)	A1/A AA-	1.55 1.45
46647PBK1	JPMORGAN CHASE & CO 2.083 04/22/2026	312,000.00	05/20/2021 1.11%	323,646.96 314,901.55	96.41 5.91%	300,805.00 162.47	0.34% (14,096.55)	A1/A- AA-	1.98 0.94
023135BX3	AMAZON.COM INC 1.0 05/12/2026	1,455,000.00	05/10/2021 1.09%	1,448,714.40 1,452,449.27	91.99 5.20%	1,338,475.44 6,830.42	1.49% (113,973.83)	A1/AA AA-	2.03 1.96
91324PEC2	UNITEDHEALTH GROUP INC 1.15 05/15/2026	240,000.00	-- 1.08%	240,776.80 240,314.47	92.05 5.31%	220,928.03 1,272.67	0.25% (19,386.44)	A2/A+ A	2.04 1.96
89236TJK2	TOYOTA MOTOR CREDIT CORP 1.125 06/18/2026	995,000.00	06/15/2021 1.13%	994,562.20 994,813.47	91.52 5.38%	910,658.01 4,135.47	1.02% (84,155.46)	A1/A+ A+	2.13 2.05

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
06051GJD2	BANK OF AMERICA CORP 1.319 06/19/2026	950,000.00	-- 1.25%	952,508.00 950,716.63	95.03 5.90%	902,781.25 4,594.52	1.01% (47,935.39)	A1/A- AA-	2.14 1.09
037833DN7	APPLE INC 2.05 09/11/2026	450,000.00	12/02/2021 1.49%	461,178.00 455,335.86	93.13 5.17%	419,082.47 1,281.25	0.47% (36,253.39)	Aaa/AA+ NA	2.37 2.25
06368FAC3	BANK OF MONTREAL 1.25 09/15/2026	500,000.00	09/13/2021 1.27%	499,395.00 499,712.74	90.67 5.49%	453,352.80 798.61	0.51% (46,359.95)	A2/A- AA-	2.38 2.28
931142ERO	WALMART INC 1.05 09/17/2026	235,000.00	09/08/2021 1.09%	234,555.85 234,788.63	91.15 5.04%	214,210.68 301.58	0.24% (20,577.95)	Aa2/AA AA	2.38 2.30
26442CAS3	DUKE ENERGY CAROLINAS LLC 2.95 12/01/2026	850,000.00	01/13/2022 1.82%	892,644.50 871,562.39	94.41 5.29%	802,447.99 10,447.92	0.90% (69,114.40)	Aa3/A WR	2.59 2.41
87612EBM7	TARGET CORP 1.95 01/15/2027	535,000.00	01/19/2022 1.99%	534,090.50 534,504.96	92.29 5.03%	493,740.32 3,071.79	0.55% (40,764.64)	A2/A A	2.71 2.57
808513BY0	CHARLES SCHWAB CORP 2.45 03/03/2027	750,000.00	03/09/2022 2.73%	740,115.00 744,366.96	92.11 5.48%	690,841.10 2,960.42	0.77% (53,525.86)	A2/A- A	2.84 2.67
084664CZ2	BERKSHIRE HATHAWAY FINANCE CORP 2.3 03/15/2027	1,080,000.00	03/07/2022 2.30%	1,079,794.80 1,079,882.23	93.05 4.92%	1,004,928.71 3,174.00	1.12% (74,953.51)	Aa2/AA A+	2.87 2.72
665859AW4	NORTHERN TRUST CORP 4.0 05/10/2027	430,000.00	05/05/2022 4.03%	429,303.40 429,578.84	96.55 5.25%	415,171.49 8,170.00	0.46% (14,407.34)	A2/A+ A+	3.03 2.75
91324PEG3	UNITEDHEALTH GROUP INC 3.7 05/15/2027	430,000.00	05/17/2022 3.69%	430,200.10 430,120.68	95.74 5.23%	411,691.31 7,336.28	0.46% (18,429.37)	A2/A+ A	3.04 2.78
22160KAM7	COSTCO WHOLESALE CORP 3.0 05/18/2027	600,000.00	07/15/2022 3.52%	586,074.00 591,221.25	94.42 4.99%	566,549.08 8,150.00	0.63% (24,672.17)	Aa3/A+ WR	3.05 2.82
89115A2C5	TORONTO-DOMINION BANK 4.108 06/08/2027	1,100,000.00	08/26/2022 4.18%	1,096,315.00 1,097,604.64	96.13 5.48%	1,057,452.86 17,949.68	1.18% (40,151.78)	A1/A NA	3.11 2.82
57636QAW4	MASTERCARD INC 4.875 03/09/2028	595,000.00	03/06/2023 4.90%	594,422.85 594,555.21	99.48 5.02%	591,926.93 4,189.79	0.66% (2,628.29)	Aa3/A+ NA	3.86 3.45
61747YER2	MORGAN STANLEY 4.21 04/20/2028	750,000.00	05/19/2023 5.25%	722,677.50 729,259.39	96.32 5.57%	722,436.77 964.79	0.81% (6,822.62)	A1/A- A+	3.97 2.74
74340XCG4	PROLOGIS LP 4.875 06/15/2028	575,000.00	09/08/2023 5.17%	567,824.00 568,781.90	98.42 5.31%	565,908.66 10,589.58	0.63% (2,873.24)	A3/A NA	4.13 3.62
24422EXB0	JOHN DEERE CAPITAL CORP 4.95 07/14/2028	935,000.00	07/11/2023 4.96%	934,767.55 934,804.70	99.17 5.17%	927,239.08 13,756.19	1.03% (7,565.62)	A1/A A+	4.21 3.70
78016HZS2	ROYAL BANK OF CANADA 5.2 08/01/2028	650,000.00	12/06/2023 5.08%	653,224.00 652,948.69	99.43 5.35%	646,286.63 8,450.00	0.72% (6,662.06)	A1/A AA-	4.25 3.72
74456QBX3	PUBLIC SERVICE ELECTRIC AND GAS CO 3.65 09/01/2028	1,200,000.00	10/04/2023 5.48%	1,106,748.00 1,117,571.89	93.97 5.22%	1,127,623.57 7,300.00	1.26% 10,051.68	A1/A WR	4.34 3.91

HOLDINGS REPORT

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Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
74340XBX8	PROLOGIS LP 4.0 09/15/2028	500,000.00	12/06/2023 4.91%	480,850.00 482,443.09	94.78 5.35%	473,893.68 2,555.56	0.53% (8,549.41)	A3/A NA	4.38 3.92
91324PDP4	UNITEDHEALTH GROUP INC 3.875 12/15/2028	650,000.00	12/12/2023 4.77%	624,364.00 626,300.38	94.49 5.23%	614,191.27 9,515.28	0.69% (12,109.11)	A2/A+ A	4.63 4.10
756109BS2	REALTY INCOME CORP 4.7 12/15/2028	1,000,000.00	12/12/2023 5.16%	979,800.60 981,326.33	96.57 5.55%	965,677.35 17,755.56	1.08% (15,648.98)	A3/A- NA	4.63 4.02
46647PAM8	JPMORGAN CHASE & CO 3.509 01/23/2029	1,000,000.00	01/19/2024 5.14%	941,600.00 945,557.29	93.18 5.56%	931,794.28 9,552.28	1.04% (13,763.01)	A1/A- AA-	4.73 3.39
17275RBR2	CISCO SYSTEMS INC 4.85 02/26/2029	490,000.00	02/21/2024 4.86%	489,828.50 489,834.60	98.75 5.14%	483,885.09 4,290.90	0.54% (5,949.51)	A1/AA- NA	4.83 4.21
14913UAJ9	CATERPILLAR FINANCIAL SERVICES CORP 4.85 02/27/2029	1,000,000.00	03/18/2024 4.84%	1,000,490.00 1,000,478.60	98.63 5.17%	986,344.11 8,622.22	1.10% (14,134.49)	A2/A A+	4.83 4.21
Total Corporate		24,593,000.00	3.24%	24,447,653.43 24,403,101.69	95.39 5.37%	23,443,664.55 210,545.57	26.16% (959,437.14)	A1/A A+	3.00 2.62
MONEY MARKET FUND									
316175884	FIDELITY IMM:TRS III	110,392.80	-- 4.92%	110,392.80 110,392.80	1.00 4.92%	110,392.80 0.00	0.12% 0.00	Aaa/ AAAm NA	0.00 0.00
Total Money Market Fund		110,392.80	4.92%	110,392.80 110,392.80	1.00 4.92%	110,392.80 0.00	0.12% 0.00	Aaa/ AAAm NA	0.00 0.00
SUPRANATIONAL									
459058JL8	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 0.5 10/28/2025	945,000.00	-- 0.54%	943,389.35 944,505.41	93.23 5.27%	881,068.72 39.38	0.98% (63,436.69)	Aaa/AAA NA	1.50 1.45
4581X0DV7	INTER-AMERICAN DEVELOPMENT BANK 0.875 04/20/2026	1,915,000.00	04/13/2021 0.97%	1,906,229.30 1,911,546.48	92.13 5.12%	1,764,263.44 512.00	1.97% (147,283.04)	Aaa/AAA NA	1.97 1.91
Total Supranational		2,860,000.00	0.82%	2,849,618.65 2,856,051.89	92.50 5.17%	2,645,332.16 551.37	2.95% (210,719.73)	Aaa/AAA NA	1.81 1.76
US TREASURY									
912828ZC7	UNITED STATES TREASURY 1.125 02/28/2025	2,000,000.00	03/18/2020 0.81%	2,030,859.38 2,005,174.54	96.63 5.30%	1,932,636.72 3,790.76	2.16% (72,537.82)	Aaa/AA+ AA+	0.83 0.81

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
91282CED9	UNITED STATES TREASURY 1.75 03/15/2025	2,150,000.00	04/05/2022 2.64%	2,095,662.11 2,133,896.13	97.01 5.29%	2,085,709.93 4,805.37	2.33% (48,186.21)	Aaa/AA+ AA+	0.87 0.85
91282CEQ0	UNITED STATES TREASURY 2.75 05/15/2025	500,000.00	06/06/2022 2.91%	497,695.31 499,185.95	97.50 5.25%	487,475.59 6,346.15	0.54% (11,710.36)	Aaa/AA+ AA+	1.04 0.99
91282CAM3	UNITED STATES TREASURY 0.25 09/30/2025	1,900,000.00	02/19/2021 0.51%	1,877,363.28 1,893,037.97	93.34 5.18%	1,773,382.82 402.32	1.98% (119,655.14)	Aaa/AA+ AA+	1.42 1.38
91282CAT8	UNITED STATES TREASURY 0.25 10/31/2025	1,900,000.00	02/11/2021 0.42%	1,885,156.25 1,895,276.21	92.99 5.17%	1,766,851.57 12.91	1.97% (128,424.63)	Aaa/AA+ AA+	1.50 1.46
91282CAZ4	UNITED STATES TREASURY 0.375 11/30/2025	1,350,000.00	03/26/2021 0.76%	1,325,794.92 1,341,804.02	92.83 5.15%	1,253,179.69 2,116.29	1.40% (88,624.34)	Aaa/AA+ AA+	1.59 1.54
91282CCW9	UNITED STATES TREASURY 0.75 08/31/2026	480,000.00	09/17/2021 0.86%	477,393.75 478,770.48	90.80 4.97%	435,825.00 606.52	0.49% (42,945.48)	Aaa/AA+ AA+	2.34 2.26
91282CCZ2	UNITED STATES TREASURY 0.875 09/30/2026	2,820,000.00	-- 1.08%	2,791,946.88 2,806,337.66	90.82 4.95%	2,561,022.65 2,089.96	2.86% (245,315.01)	Aaa/AA+ AA+	2.42 2.34
91282CEW7	UNITED STATES TREASURY 3.25 06/30/2027	2,250,000.00	-- 3.12%	2,263,417.97 2,258,567.91	95.35 4.85%	2,145,322.26 24,508.93	2.39% (113,245.65)	Aaa/AA+ AA+	3.17 2.93
91282CFB2	UNITED STATES TREASURY 2.75 07/31/2027	600,000.00	08/22/2022 3.12%	589,828.13 593,309.02	93.73 4.85%	562,406.25 4,125.00	0.63% (30,902.77)	Aaa/AA+ AA+	3.25 3.03
91282CFH9	UNITED STATES TREASURY 3.125 08/31/2027	1,950,000.00	-- 3.41%	1,925,095.70 1,933,277.39	94.75 4.85%	1,847,701.17 10,266.64	2.06% (85,576.22)	Aaa/AA+ AA+	3.34 3.10
91282CGC9	UNITED STATES TREASURY 3.875 12/31/2027	700,000.00	03/14/2023 3.91%	698,878.91 699,142.70	96.84 4.83%	677,851.57 9,091.35	0.76% (21,291.13)	Aaa/AA+ AA+	3.67 3.33
91282CGH8	UNITED STATES TREASURY 3.5 01/31/2028	2,500,000.00	02/16/2023 4.05%	2,438,378.91 2,453,332.84	95.50 4.82%	2,387,597.65 21,875.00	2.66% (65,735.19)	Aaa/AA+ AA+	3.76 3.43
91282CGP0	UNITED STATES TREASURY 4.0 02/29/2028	2,500,000.00	-- 4.07%	2,491,714.85 2,493,693.86	97.19 4.81%	2,429,687.50 16,847.83	2.71% (64,006.36)	Aaa/AA+ AA+	3.84 3.48
91282CHE4	UNITED STATES TREASURY 3.625 05/31/2028	2,425,000.00	-- 4.03%	2,381,062.51 2,388,553.07	95.74 4.79%	2,321,653.31 36,747.69	2.59% (66,899.75)	Aaa/AA+ AA+	4.08 3.68
91282CHX2	UNITED STATES TREASURY 4.375 08/31/2028	400,000.00	09/25/2023 4.62%	395,781.25 396,291.90	98.47 4.77%	393,875.00 2,948.37	0.44% (2,416.90)	Aaa/AA+ AA+	4.34 3.87
91282CJF9	UNITED STATES TREASURY 4.875 10/31/2028	600,000.00	10/27/2023 4.79%	602,273.44 602,045.72	100.46 4.76%	602,742.19 79.48	0.67% 696.46	Aaa/AA+ AA+	4.50 4.00
91282CJN2	UNITED STATES TREASURY 4.375 11/30/2028	625,000.00	12/28/2023 3.83%	640,234.38 639,183.73	98.48 4.75%	615,527.34 11,430.58	0.69% (23,656.39)	Aaa/AA+ AA+	4.59 4.03
91282CJR3	UNITED STATES TREASURY 3.75 12/31/2028	2,100,000.00	-- 3.98%	2,078,330.08 2,079,663.55	95.87 4.75%	2,013,210.95 26,394.23	2.25% (66,452.61)	Aaa/AA+ AA+	4.67 4.16

HOLDINGS REPORT

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
91282CJW2	UNITED STATES TREASURY 4.0 01/31/2029	1,500,000.00	02/16/2024 4.31%	1,479,375.00 1,480,174.42	96.89 4.74%	1,453,417.97 15,000.00	1.62% (26,756.45)	Aaa/AA+ AA+	4.76 4.23
91282CKG5	UNITED STATES TREASURY 4.125 03/31/2029	2,300,000.00	-- 4.47%	2,264,699.22 2,264,990.15	97.39 4.73%	2,239,984.38 8,035.86	2.50% (25,005.77)	Aaa/AA+ AA+	4.92 4.38
Total US Treasury		33,550,000.00	2.87%	33,230,942.23 33,335,709.21	95.39 4.93%	31,987,061.49 207,521.25	35.70% (1,348,647.72)	Aaa/AA+ AA+	3.06 2.80
Total Portfolio		94,046,374.29	2.76%	93,309,107.21 93,357,311.40	95.21 5.16%	89,602,044.23 507,630.68	100.00% (3,755,267.17)	Aa2/AA- AA	2.83 2.49
Total Market Value + Accrued						90,109,674.91			

TRANSACTION LEDGER

City of Brea | Account #120 | As of April 30, 2024

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/01/2024	316175884	14,712.50	FIDELITY IMM:TRS III	1.000	4.86%	(14,712.50)	0.00	(14,712.50)	0.00
Purchase	04/02/2024	316175884	1,370.68	FIDELITY IMM:TRS III	1.000	4.86%	(1,370.68)	0.00	(1,370.68)	0.00
Purchase	04/09/2024	91282CKG5	1,800,000.00	UNITED STATES TREASURY 4.125 03/31/2029	98.695	4.42%	(1,776,515.63)	(1,825.82)	(1,778,341.45)	0.00
Purchase	04/09/2024	316175884	10,092.66	FIDELITY IMM:TRS III	1.000	4.93%	(10,092.66)	0.00	(10,092.66)	0.00
Purchase	04/15/2024	316175884	7,328.92	FIDELITY IMM:TRS III	1.000	4.93%	(7,328.92)	0.00	(7,328.92)	0.00
Purchase	04/15/2024	316175884	116,747.55	FIDELITY IMM:TRS III	1.000	4.93%	(116,747.55)	0.00	(116,747.55)	0.00
Purchase	04/16/2024	316175884	21,166.88	FIDELITY IMM:TRS III	1.000	4.93%	(21,166.88)	0.00	(21,166.88)	0.00
Purchase	04/16/2024	316175884	221.99	FIDELITY IMM:TRS III	1.000	4.93%	(221.99)	0.00	(221.99)	0.00
Purchase	04/19/2024	316175884	537,184.76	FIDELITY IMM:TRS III	1.000	4.93%	(537,184.76)	0.00	(537,184.76)	0.00
Purchase	04/22/2024	316175884	90,404.38	FIDELITY IMM:TRS III	1.000	4.93%	(90,404.38)	0.00	(90,404.38)	0.00
Purchase	04/22/2024	316175884	32,369.66	FIDELITY IMM:TRS III	1.000	4.93%	(32,369.66)	0.00	(32,369.66)	0.00
Purchase	04/23/2024	316175884	6,228.25	FIDELITY IMM:TRS III	1.000	4.93%	(6,228.25)	0.00	(6,228.25)	0.00
Purchase	04/23/2024	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029	99.980	5.30%	(719,852.40)	0.00	(719,852.40)	0.00
Purchase	04/25/2024	316175884	775.67	FIDELITY IMM:TRS III	1.000	4.94%	(775.67)	0.00	(775.67)	0.00
Purchase	04/25/2024	316175884	53,825.31	FIDELITY IMM:TRS III	1.000	4.94%	(53,825.31)	0.00	(53,825.31)	0.00
Purchase	04/29/2024	316175884	336,155.11	FIDELITY IMM:TRS III	1.000	4.94%	(336,155.11)	0.00	(336,155.11)	0.00
Purchase	04/29/2024	316175884	2,362.50	FIDELITY IMM:TRS III	1.000	4.94%	(2,362.50)	0.00	(2,362.50)	0.00
Purchase	04/30/2024	91282CKG5	500,000.00	UNITED STATES TREASURY 4.125 03/31/2029	97.637	4.67%	(488,183.59)	(1,690.57)	(489,874.16)	0.00
Total Purchase			4,250,946.82				(4,215,498.44)	(3,516.39)	(4,219,014.83)	0.00
TOTAL ACQUISITIONS			4,250,946.82				(4,215,498.44)	(3,516.39)	(4,219,014.83)	0.00
DISPOSITIONS										
Sale	04/09/2024	912828D56	(300,000.00)	UNITED STATES TREASURY 2.375 08/15/2024	99.000	0.70%	297,000.00	(1,057.01)	298,057.01	(4,752.31)
Sale	04/09/2024	9128283D0	(1,500,000.00)	UNITED STATES TREASURY 2.25 10/31/2024	98.363	1.79%	1,475,449.22	(14,927.88)	1,490,377.10	(28,374.19)
Sale	04/19/2024	06051GHT9	(550,000.00)	BANK OF AMERICA CORP 3.559 04/23/2027	95.930	4.30%	527,615.00	(9,569.76)	537,184.76	(11,412.86)

TRANSACTION LEDGER

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Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Sale	04/23/2024	316175884	(719,852.40)	FIDELITY IMM:TRS III	1.000	4.93%	719,852.40	0.00	719,852.40	0.00
Sale	04/29/2024	06051GHT9	(350,000.00)	BANK OF AMERICA CORP 3.559 04/23/2027	95.985	4.30%	335,947.50	(207.61)	336,155.11	(7,133.76)
Sale	04/30/2024	316175884	(391,759.73)	FIDELITY IMM:TRS III	1.000	4.95%	391,759.73	0.00	391,759.73	0.00
Sale	04/30/2024	316175884	(81,114.43)	FIDELITY IMM:TRS III	1.000	4.95%	81,114.43	0.00	81,114.43	0.00
Total Sale			(3,892,726.56)				3,828,738.28	(25,762.26)	3,854,500.54	(51,673.13)
TOTAL DISPOSITIONS			(3,892,726.56)				3,828,738.28	(25,762.26)	3,854,500.54	(51,673.13)
OTHER TRANSACTIONS										
Coupon	04/01/2024	3137BFE98	0.00	FHMS K-041 A2 3.171 10/25/2024		0.35%	908.67	0.00	908.67	0.00
Coupon	04/01/2024	3137BNGT5	0.00	FHMS K-054 A2 2.745 01/25/2026		1.17%	2,287.50	0.00	2,287.50	0.00
Coupon	04/01/2024	3137BQYS0	0.00	FHMS K-056 A2 2.525 05/25/2026		1.70%	1,199.38	0.00	1,199.38	0.00
Coupon	04/01/2024	3137BXQY1	0.00	FHMS K-064 A2 3.224 03/25/2027		3.21%	2,686.67	0.00	2,686.67	0.00
Coupon	04/01/2024	3137FCLD4	0.00	FHMS K-071 A2 3.286 11/25/2027		4.05%	5,476.67	0.00	5,476.67	0.00
Coupon	04/01/2024	3137FETN0	0.00	FHMS K-073 A2 3.35 01/25/2028		4.05%	4,187.50	0.00	4,187.50	0.00
Coupon	04/01/2024	3137FEZU7	0.00	FHMS K-076 A2 3.9 04/25/2028		4.10%	3,900.00	0.00	3,900.00	0.00
Coupon	04/01/2024	3137FGR31	0.00	FHMS K-078 A2 3.854 06/25/2028		4.92%	4,175.17	0.00	4,175.17	0.00
Coupon	04/01/2024	3137FJKE8	0.00	FHMS K-082 A2 3.92 09/25/2028		4.73%	1,960.00	0.00	1,960.00	0.00
Coupon	04/01/2024	3137H5YC5	0.00	FHMS K-748 A2 2.26 01/25/2029		4.61%	2,825.00	0.00	2,825.00	0.00
Coupon	04/15/2024	89240BAC2	0.00	TAOT 2021-A A3 0.26 05/15/2025		0.29%	12.37	0.00	12.37	0.00
Coupon	04/15/2024	44933LAC7	0.00	HART 2021-A A3 0.38 09/15/2025		0.39%	19.97	0.00	19.97	0.00

TRANSACTION LEDGER

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Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Coupon	04/15/2024	47789QAC4	0.00	JDOT 2021-B A3 0.52 03/16/2026		0.53%	74.73	0.00	74.73	0.00
Coupon	04/15/2024	89238JAC9	0.00	TAOT 2021-D A3 0.71 04/15/2026		0.71%	94.24	0.00	94.24	0.00
Coupon	04/15/2024	44935FAD6	0.00	HART 2021-C A3 0.74 05/15/2026		0.76%	72.20	0.00	72.20	0.00
Coupon	04/15/2024	43815BAC4	0.00	HAROT 2022-1 A3 1.88 05/15/2026		1.90%	615.41	0.00	615.41	0.00
Coupon	04/15/2024	47800BAC2	0.00	JDOT 2022-C A3 5.09 06/15/2027		5.15%	2,290.50	0.00	2,290.50	0.00
Coupon	04/15/2024	161571HT4	0.00	CHAIT 2023-1 A 5.16 09/15/2028		5.23%	4,149.50	0.00	4,149.50	0.00
Coupon	04/16/2024	362554AC1	0.00	GMCAR 2021-4 A3 0.68 09/16/2026		0.68%	77.80	0.00	77.80	0.00
Coupon	04/16/2024	380146AC4	0.00	GMCAR 2022-1 A3 1.26 11/16/2026		1.27%	144.19	0.00	144.19	0.00
Coupon	04/20/2024	36265MAC9	0.00	GMALT 2022-1 A3 1.9 03/20/2025		0.00%	110.89	0.00	110.89	0.00
Coupon	04/20/2024	4581X0DV7	0.00	INTER-AMERICAN DEVELOPMENT BANK 0.875 04/20/2026		0.97%	8,378.13	0.00	8,378.13	0.00
Coupon	04/20/2024	61747YER2	0.00	MORGAN STANLEY 4.21 04/20/2028		5.06%	15,787.50	0.00	15,787.50	0.00
Coupon	04/21/2024	43813GAC5	0.00	HAROT 2021-1 A3 0.27 04/21/2025		0.27%	3.38	0.00	3.38	0.00
Coupon	04/21/2024	43815GAC3	0.00	HAROT 2021-4 A3 0.88 01/21/2026		0.90%	121.53	0.00	121.53	0.00
Coupon	04/22/2024	46647PBK1	0.00	JPMORGAN CHASE & CO 2.083 04/22/2026		1.11%	3,249.48	0.00	3,249.48	0.00
Coupon	04/22/2024	3135G03U5	0.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.625 04/22/2025		0.67%	4,718.75	0.00	4,718.75	0.00
Coupon	04/23/2024	06051GHT9	0.00	BANK OF AMERICA CORP 3.559 04/23/2027		4.29%	6,228.25	0.00	6,228.25	0.00

TRANSACTION LEDGER

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Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Coupon	04/25/2024	3133EPGW9	0.00	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 04/25/2028		3.55%	24,218.75	0.00	24,218.75	0.00
Coupon	04/28/2024	459058JL8	0.00	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 0.5 10/28/2025		0.54%	2,362.50	0.00	2,362.50	0.00
Coupon	04/30/2024	91282CAT8	0.00	UNITED STATES TREASURY 0.25 10/31/2025		0.42%	2,375.00	0.00	2,375.00	0.00
Coupon	04/30/2024	91282CJF9	0.00	UNITED STATES TREASURY 4.875 10/31/2028		4.79%	14,625.00	0.00	14,625.00	0.00
Total Coupon			0.00				119,336.63	0.00	119,336.63	0.00
Principal Paydown	04/01/2024	3137BFE98	775.67	FHMS K-041 A2 3.171 10/25/2024		0.35%	775.67	--	775.67	0.00
Principal Paydown	04/15/2024	89240BAC2	25,754.27	TAOT 2021-A A3 0.26 05/15/2025		0.29%	25,754.27	--	25,754.27	0.00
Principal Paydown	04/15/2024	44933LAC7	17,398.54	HART 2021-A A3 0.38 09/15/2025		0.39%	17,398.54	--	17,398.54	(0.00)
Principal Paydown	04/15/2024	47789QAC4	18,103.63	JDOT 2021-B A3 0.52 03/16/2026		0.53%	18,103.63	--	18,103.63	0.00
Principal Paydown	04/15/2024	89238JAC9	13,945.21	TAOT 2021-D A3 0.71 04/15/2026		0.71%	13,945.21	--	13,945.21	(0.00)
Principal Paydown	04/15/2024	44935FAD6	11,917.14	HART 2021-C A3 0.74 05/15/2026		0.76%	11,917.14	--	11,917.14	(0.00)
Principal Paydown	04/15/2024	43815BAC4	29,628.76	HAROT 2022-1 A3 1.88 05/15/2026		1.90%	29,628.76	--	29,628.76	0.00
Principal Paydown	04/16/2024	362554AC1	10,816.90	GMCAR 2021-4 A3 0.68 09/16/2026		0.68%	10,816.90	--	10,816.90	(0.00)
Principal Paydown	04/16/2024	380146AC4	10,349.98	GMCAR 2022-1 A3 1.26 11/16/2026		1.27%	10,349.98	--	10,349.98	(0.00)
Principal Paydown	04/20/2024	36265MAC9	68,037.83	GMALT 2022-1 A3 1.9 03/20/2025		0.00%	68,037.83	--	68,037.83	0.00
Principal Paydown	04/21/2024	43813GAC5	7,434.00	HAROT 2021-1 A3 0.27 04/21/2025		0.27%	7,434.00	--	7,434.00	0.00
Principal Paydown	04/21/2024	43815GAC3	14,932.55	HAROT 2021-4 A3 0.88 01/21/2026		0.90%	14,932.55	--	14,932.55	0.00

TRANSACTION LEDGER

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Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Total Principal Paydown			229,094.48				229,094.48	--	229,094.48	0.00
TOTAL OTHER TRANSACTIONS			229,094.48				348,431.11	0.00	348,431.11	0.00

INCOME EARNED

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENTS						
316175884	FIDELITY IMM:TRS III	110,392.80	72,172.54 1,230,946.82 (1,192,726.56) 110,392.80	0.00 1,370.68 0.00 1,370.68	0.00 0.00 0.00 1,370.68	1,370.68
CCYUSD	Receivable	1,019.77	16,083.18 0.00 0.00 1,019.77	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00
Total Cash & Equivalents			111,412.57	1,370.68	1,370.68	1,370.68
FIXED INCOME						
00440EAS6	CHUBB INA HOLDINGS LLC 3.15 03/15/2025	03/04/2022 03/08/2022 1,250,000.00	1,261,421.22 0.00 0.00 1,260,436.63	1,750.00 0.00 5,031.25 3,281.25	0.00 (984.59) (984.59) 2,296.66	2,296.66
023135BX3	AMAZON.COM INC 1.0 05/12/2026	05/10/2021 05/12/2021 1,455,000.00	1,452,346.00 0.00 0.00 1,452,449.27	5,617.92 0.00 6,830.42 1,212.50	103.27 0.00 103.27 1,315.77	1,315.77
02582JKH2	AMXCA 2024-1 A 5.23 04/16/2029	04/16/2024 04/23/2024 720,000.00	0.00 719,852.40 0.00 719,853.05	0.00 0.00 836.80 836.80	0.65 0.00 0.65 837.45	837.45
037833DN7	APPLE INC 2.05 09/11/2026	12/02/2021 12/06/2021 450,000.00	455,535.71 0.00 0.00 455,335.86	512.50 0.00 1,281.25 768.75	0.00 (199.84) (199.84) 568.91	568.91
06051GHT9	BANK OF AMERICA CORP 3.559 04/23/2027	0.00	881,751.53 0.00 (882,109.12) 0.00	14,058.05 16,005.62 0.00 1,947.57	357.60 0.00 357.60 2,305.17	2,305.17

INCOME EARNED

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Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
06051GJD2	BANK OF AMERICA CORP 1.319 06/19/2026	950,000.00	950,768.56 0.00 0.00 950,716.63	3,550.31 0.00 4,594.52 1,044.21	0.00 (51.93) (51.93) 992.28	992.28
06367WB85	BANK OF MONTREAL 1.85 05/01/2025	07/23/2021 07/27/2021 826,000.00	834,743.28 0.00 0.00 834,079.23	6,367.08 0.00 7,640.50 1,273.42	0.00 (664.05) (664.05) 609.37	609.37
06368FAC3	BANK OF MONTREAL 1.25 09/15/2026	09/13/2021 09/15/2021 500,000.00	499,702.80 0.00 0.00 499,712.74	277.78 0.00 798.61 520.83	9.94 0.00 9.94 530.77	530.77
06406HCQ0	BANK OF NEW YORK MELLON CORP 3.95 11/18/2025	04/05/2022 04/07/2022 800,000.00	808,728.16 0.00 0.00 808,264.72	11,674.44 0.00 14,307.78 2,633.33	0.00 (463.44) (463.44) 2,169.89	2,169.89
084664CZ2	BERKSHIRE HATHAWAY FINANCE CORP 2.3 03/15/2027	03/07/2022 03/15/2022 1,080,000.00	1,079,878.85 0.00 0.00 1,079,882.23	1,104.00 0.00 3,174.00 2,070.00	3.37 0.00 3.37 2,073.37	2,073.37
14913UAJ9	CATERPILLAR FINANCIAL SERVICES CORP 4.85 02/27/2029	03/18/2024 03/20/2024 1,000,000.00	1,000,486.74 0.00 0.00 1,000,478.60	4,580.56 0.00 8,622.22 4,041.67	0.00 (8.14) (8.14) 4,033.52	4,033.52
161571HT4	CHAIT 2023-1 A 5.16 09/15/2028	09/07/2023 09/15/2023 965,000.00	964,761.64 0.00 0.00 964,766.03	2,213.07 4,149.50 2,213.07 4,149.50	4.39 0.00 4.39 4,153.89	4,153.89
17275RBR2	CISCO SYSTEMS INC 4.85 02/26/2029	02/21/2024 02/26/2024 490,000.00	489,831.79 0.00 0.00 489,834.60	2,310.49 0.00 4,290.90 1,980.42	2.82 0.00 2.82 1,983.23	1,983.23
22160KAM7	COSTCO WHOLESALE CORP 3.0 05/18/2027	07/15/2022 07/19/2022 600,000.00	590,984.42 0.00 0.00 591,221.25	6,650.00 0.00 8,150.00 1,500.00	236.84 0.00 236.84 1,736.84	1,736.84

INCOME EARNED

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Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Dis Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
24422EXB0	JOHN DEERE CAPITAL CORP 4.95 07/14/2028	07/11/2023 07/14/2023 935,000.00	934,800.88 0.00 0.00 934,804.70	9,899.31 0.00 13,756.19 3,856.88	9.91 (6.09) 3.82 3,860.69	3,860.69
26442CAS3	DUKE ENERGY CAROLINAS LLC 2.95 12/01/2026	01/13/2022 01/18/2022 850,000.00	872,320.74 0.00 0.00 871,562.39	8,358.33 0.00 10,447.92 2,089.58	0.00 (758.35) (758.35) 1,331.23	1,331.23
3130AWTR1	FEDERAL HOME LOAN BANKS 4.375 09/08/2028	09/08/2023 09/11/2023 2,000,000.00	1,995,183.21 0.00 0.00 1,995,272.36	5,590.28 0.00 12,881.94 7,291.67	89.14 0.00 89.14 7,380.81	7,380.81
3133EPGW9	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 04/25/2028	05/05/2023 05/08/2023 1,250,000.00	1,264,837.72 0.00 0.00 1,264,537.97	20,989.58 24,218.75 807.29 4,036.46	0.00 (299.75) (299.75) 3,736.71	3,736.71
3133EPME2	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 06/08/2028	06/07/2023 06/08/2023 850,000.00	847,183.02 0.00 0.00 847,238.30	10,338.72 0.00 13,083.51 2,744.79	55.27 0.00 55.27 2,800.06	2,800.06
3135G03U5	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.625 04/22/2025	04/22/2020 04/24/2020 1,510,000.00	1,509,341.72 0.00 0.00 1,509,392.89	4,168.23 4,718.75 235.94 786.46	51.16 0.00 51.16 837.62	837.62
3135G04Z3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 06/17/2025	1,800,000.00	1,800,758.61 0.00 0.00 1,800,707.12	2,600.00 0.00 3,350.00 750.00	32.34 (83.83) (51.49) 698.51	698.51
3135G05X7	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.375 08/25/2025	1,800,000.00	1,798,032.62 0.00 0.00 1,798,148.12	675.00 0.00 1,237.50 562.50	115.50 0.00 115.50 678.00	678.00
3135G06G3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 11/07/2025	1,825,000.00	1,823,103.19 0.00 0.00 1,823,200.47	3,650.00 0.00 4,410.42 760.42	97.27 0.00 97.27 857.69	857.69

INCOME EARNED

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Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
3135G0X24	FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625 01/07/2025	1,875,000.00	1,877,118.69 0.00 0.00 1,876,892.49	7,109.38 0.00 9,648.44 2,539.06	30.17 (256.36) (226.19) 2,312.87	2,312.87
3137BFE98	FHMS K-041 A2 3.171 10/25/2024	07/01/2021 07/07/2021 343,092.42	347,898.41 0.00 (775.67) 346,454.43	908.67 908.67 906.62 906.62	0.00 (668.31) (668.31) 238.31	238.31
3137BNGT5	FHMS K-054 A2 2.745 01/25/2026	10/29/2021 11/03/2021 1,000,000.00	1,024,572.37 0.00 0.00 1,023,420.54	2,287.50 2,287.50 2,287.50 2,287.50	0.00 (1,151.83) (1,151.83) 1,135.67	1,135.67
3137BQYS0	FHMS K-056 A2 2.525 05/25/2026	01/31/2022 02/03/2022 570,000.00	578,439.07 0.00 0.00 578,105.95	1,199.38 1,199.38 1,199.38 1,199.38	0.00 (333.12) (333.12) 866.26	866.26
3137BXQY1	FHMS K-064 A2 3.224 03/25/2027	05/06/2022 05/11/2022 1,000,000.00	998,744.84 0.00 0.00 998,780.23	2,686.67 2,686.67 2,686.67 2,686.67	35.39 0.00 35.39 2,722.06	2,722.06
3137EAEPO	FEDERAL HOME LOAN MORTGAGE CORP 1.5 02/12/2025	02/13/2020 02/14/2020 1,920,000.00	1,919,743.20 0.00 0.00 1,919,767.51	3,920.00 0.00 6,320.00 2,400.00	24.30 0.00 24.30 2,424.30	2,424.30
3137EAEU9	FEDERAL HOME LOAN MORTGAGE CORP 0.375 07/21/2025	1,800,000.00	1,798,311.12 0.00 0.00 1,798,417.56	1,312.50 0.00 1,875.00 562.50	106.44 0.00 106.44 668.94	668.94
3137EAEX3	FEDERAL HOME LOAN MORTGAGE CORP 0.375 09/23/2025	1,805,000.00	1,803,387.82 0.00 0.00 1,803,477.39	150.42 0.00 714.48 564.06	89.57 0.00 89.57 653.63	653.63
3137FCLD4	FHMS K-071 A2 3.286 11/25/2027	04/11/2023 04/14/2023 2,000,000.00	1,946,836.64 0.00 0.00 1,948,055.05	5,476.67 5,476.67 5,476.67 5,476.67	1,218.41 0.00 1,218.41 6,695.08	6,695.08

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3137FETN0	FHMS K-073 A2 3.35 01/25/2028	03/27/2023	1,462,311.21	4,187.50	825.30	5,012.80
		03/30/2023	0.00	4,187.50	0.00	
		1,500,000.00	0.00	4,187.50	825.30	
			1,463,136.51	4,187.50	5,012.80	
3137FEZU7	FHMS K-076 A2 3.9 04/25/2028	04/20/2023	1,189,516.53	3,900.00	215.27	4,115.27
		04/25/2023	0.00	3,900.00	0.00	
		1,200,000.00	0.00	3,900.00	215.27	
			1,189,731.80	3,900.00	4,115.27	
3137FGR31	FHMS K-078 A2 3.854 06/25/2028	09/18/2023	1,247,542.59	4,175.17	1,033.98	5,209.15
		09/21/2023	0.00	4,175.17	0.00	
		1,300,000.00	0.00	4,175.17	1,033.98	
			1,248,576.57	4,175.17	5,209.15	
3137FJKE8	FHMS K-082 A2 3.92 09/25/2028	11/28/2023	580,214.32	1,960.00	367.76	2,327.76
		12/01/2023	0.00	1,960.00	0.00	
		600,000.00	0.00	1,960.00	367.76	
			580,582.09	1,960.00	2,327.76	
3137H5YC5	FHMS K-748 A2 2.26 01/25/2029	03/25/2024	1,351,163.25	2,825.00	2,572.06	5,397.06
		03/28/2024	0.00	2,825.00	0.00	
		1,500,000.00	0.00	2,825.00	2,572.06	
			1,353,735.32	2,825.00	5,397.06	
362554AC1	GMCAR 2021-4 A3 0.68 09/16/2026	10/13/2021	137,289.06	38.90	0.12	74.85
		10/21/2021	0.00	77.80	0.00	
		126,473.22	(10,816.90)	35.83	0.12	
			126,472.28	74.74	74.85	
36265MAC9	GMALT 2022-1 A3 1.9 03/20/2025	02/15/2022	70,032.65	40.66	0.10	71.49
		02/23/2022	0.00	110.89	0.00	
		1,994.92	(68,037.83)	1.16	0.10	
			1,994.91	71.39	71.49	
380146AC4	GMCAR 2022-1 A3 1.26 11/16/2026	01/11/2022	137,318.86	72.10	0.59	139.34
		01/19/2022	0.00	144.19	0.00	
		126,974.49	(10,349.98)	66.66	0.59	
			126,969.46	138.76	139.34	
43813GAC5	HAROT 2021-1 A3 0.27 04/21/2025	02/17/2021	15,007.43	1.13	0.01	2.84
		02/24/2021	0.00	3.38	0.00	
		7,573.46	(7,434.00)	0.57	0.01	
			7,573.45	2.82	2.84	

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43815BAC4	HAROT 2022-1 A3 1.88 05/15/2026	02/15/2022	392,790.13	328.22	2.98	593.63
		02/23/2022	0.00	615.41	0.00	
		363,188.11	(29,628.76)	303.46	2.98	
			363,164.34	590.65	593.63	
43815GAC3	HAROT 2021-4 A3 0.88 01/21/2026	11/16/2021	165,707.96	40.51	1.75	119.63
		11/24/2021	0.00	121.53	0.00	
		150,788.72	(14,932.55)	36.86	1.75	
			150,777.16	117.88	119.63	
44933LAC7	HART 2021-A A3 0.38 09/15/2025	04/20/2021	63,072.77	10.65	0.48	17.51
		04/28/2021	0.00	19.97	0.00	
		45,675.73	(17,398.54)	7.71	0.48	
			45,674.70	17.03	17.51	
44935FAD6	HART 2021-C A3 0.74 05/15/2026	11/09/2021	117,073.41	38.51	1.40	69.68
		11/17/2021	0.00	72.20	0.00	
		105,166.52	(11,917.14)	34.59	1.40	
			105,157.67	68.28	69.68	
4581X0DV7	INTER-AMERICAN DEVELOPMENT BANK 0.875 04/20/2026	04/13/2021	1,911,402.38	7,493.77	144.10	1,540.46
		04/20/2021	0.00	8,378.13	0.00	
		1,915,000.00	0.00	512.00	144.10	
			1,911,546.48	1,396.36	1,540.46	
459058JL8	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 0.5 10/28/2025	04/13/2021	944,478.18	2,008.13	27.23	420.98
			0.00	2,362.50	0.00	
		945,000.00	0.00	39.38	27.23	
			944,505.41	393.75	420.98	
46647PAM8	JPMORGAN CHASE & CO 3.509 01/23/2029	01/19/2024	944,358.11	6,628.11	1,199.18	4,123.35
		01/23/2024	0.00	0.00	0.00	
		1,000,000.00	0.00	9,552.28	1,199.18	
			945,557.29	2,924.17	4,123.35	
46647PBK1	JPMORGAN CHASE & CO 2.083 04/22/2026	05/20/2021	315,146.06	2,870.37	0.00	297.07
		05/24/2021	0.00	3,249.48	(244.51)	
		312,000.00	0.00	162.47	(244.51)	
			314,901.55	541.58	297.07	
47789QAC4	JDOT 2021-B A3 0.52 03/16/2026	07/13/2021	172,456.74	39.86	0.79	71.33
		07/21/2021	0.00	74.73	0.00	
		154,358.63	(18,103.63)	35.67	0.79	
			154,353.89	70.55	71.33	

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47800BAC2	JDOT 2022-C A3 5.09 06/15/2027	10/12/2022	539,974.03	1,221.60	0.67	2,291.17
		10/19/2022	0.00	2,290.50	0.00	
		540,000.00	0.00	1,221.60	0.67	
			539,974.70	2,290.50	2,291.17	
57636QAW4	MASTERCARD INC 4.875 03/09/2028	03/06/2023	594,545.74	1,772.60	9.48	2,426.66
		03/09/2023	0.00	0.00	0.00	
		595,000.00	0.00	4,189.79	9.48	
			594,555.21	2,417.19	2,426.66	
61747YER2	MORGAN STANLEY 4.21 04/20/2028	05/19/2023	728,685.39	14,121.04	574.00	3,205.25
		05/23/2023	0.00	15,787.50	0.00	
		750,000.00	0.00	964.79	574.00	
			729,259.39	2,631.25	3,205.25	
665859AW4	NORTHERN TRUST CORP 4.0 05/10/2027	05/05/2022	429,567.39	6,736.67	11.44	1,444.78
		05/10/2022	0.00	0.00	0.00	
		430,000.00	0.00	8,170.00	11.44	
			429,578.84	1,433.33	1,444.78	
74340XBX8	PROLOGIS LP 4.0 09/15/2028	12/06/2023	482,113.48	888.89	329.60	1,996.27
		12/08/2023	0.00	0.00	0.00	
		500,000.00	0.00	2,555.56	329.60	
			482,443.09	1,666.67	1,996.27	
74340XCG4	PROLOGIS LP 4.875 06/15/2028	09/08/2023	568,658.03	8,253.65	123.87	2,459.80
		09/12/2023	0.00	0.00	0.00	
		575,000.00	0.00	10,589.58	123.87	
			568,781.90	2,335.94	2,459.80	
74456QBX3	PUBLIC SERVICE ELECTRIC AND GAS CO 3.65 09/01/2028	10/04/2023	1,116,010.75	3,650.00	1,561.14	5,211.14
		10/06/2023	0.00	0.00	0.00	
		1,200,000.00	0.00	7,300.00	1,561.14	
			1,117,571.89	3,650.00	5,211.14	
756109BS2	REALTY INCOME CORP 4.7 12/15/2028	12/12/2023	980,994.65	13,838.89	331.68	4,248.35
		12/15/2023	0.00	0.00	0.00	
		1,000,000.00	0.00	17,755.56	331.68	
			981,326.33	3,916.67	4,248.35	
78016HZS2	ROYAL BANK OF CANADA 5.2 08/01/2028	12/06/2023	653,005.65	5,633.33	0.00	2,759.71
		12/08/2023	0.00	0.00	(56.96)	
		650,000.00	0.00	8,450.00	(56.96)	
			652,948.69	2,816.67	2,759.71	

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808513BY0	CHARLES SCHWAB CORP 2.45 03/03/2027	03/09/2022 03/11/2022 750,000.00	744,203.85 0.00 0.00 744,366.96	1,429.17 0.00 2,960.42 1,531.25	163.12 0.00 163.12 1,694.37	1,694.37
87612EBM7	TARGET CORP 1.95 01/15/2027	01/19/2022 01/24/2022 535,000.00	534,489.94 0.00 0.00 534,504.96	2,202.42 0.00 3,071.79 869.38	15.02 0.00 15.02 884.39	884.39
89115A2C5	TORONTO-DOMINION BANK 4.108 06/08/2027	08/26/2022 08/30/2022 1,100,000.00	1,097,541.22 0.00 0.00 1,097,604.64	14,184.01 0.00 17,949.68 3,765.67	63.43 0.00 63.43 3,829.09	3,829.09
89236TJK2	TOYOTA MOTOR CREDIT CORP 1.125 06/18/2026	06/15/2021 06/18/2021 995,000.00	994,806.27 0.00 0.00 994,813.47	3,202.66 0.00 4,135.47 932.81	7.19 0.00 7.19 940.01	940.01
89236TJT3	TOYOTA MOTOR CREDIT CORP 1.45 01/13/2025	01/10/2022 01/13/2022 810,000.00	809,715.78 0.00 0.00 809,745.49	2,544.75 0.00 3,523.50 978.75	29.71 0.00 29.71 1,008.46	1,008.46
89238JAC9	TAOT 2021-D A3 0.71 04/15/2026	11/09/2021 11/15/2021 145,332.17	159,276.44 0.00 (13,945.21) 145,331.34	50.26 94.24 45.86 89.84	0.12 0.00 0.12 89.96	89.96
89240BAC2	TAOT 2021-A A3 0.26 05/15/2025	02/02/2021 02/08/2021 31,343.33	57,095.79 0.00 (25,754.27) 31,342.41	6.60 12.37 3.62 9.39	0.89 0.00 0.89 10.28	10.28
89788MAA0	TRUIST FINANCIAL CORP 1.2 08/05/2025	02/03/2022 02/07/2022 650,000.00	644,503.11 0.00 0.00 644,838.97	1,213.33 0.00 1,863.33 650.00	335.86 0.00 335.86 985.86	985.86
9128283D0	UNITED STATES TREASURY 2.25 10/31/2024	11/07/2019 11/08/2019 0.00	1,503,972.62 0.00 (1,503,823.41) 0.00	14,186.13 14,927.88 0.00 741.75	0.00 (149.21) (149.21) 592.55	592.55

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912828D56	UNITED STATES TREASURY 2.375 08/15/2024	03/05/2020 03/06/2020 0.00	301,861.83 0.00 (301,752.31) 0.00	900.41 1,057.01 0.00 156.60	0.00 (109.52) (109.52) 47.08	47.08
912828ZC7	UNITED STATES TREASURY 1.125 02/28/2025	03/18/2020 03/19/2020 2,000,000.00	2,005,686.87 0.00 0.00 2,005,174.54	1,956.52 0.00 3,790.76 1,834.24	0.00 (512.33) (512.33) 1,321.91	1,321.91
91282CAM3	UNITED STATES TREASURY 0.25 09/30/2025	02/19/2021 02/22/2021 1,900,000.00	1,892,633.98 0.00 0.00 1,893,037.97	12.98 2,375.00 402.32 2,764.34	403.99 0.00 403.99 3,168.33	3,168.33
91282CAT8	UNITED STATES TREASURY 0.25 10/31/2025	02/11/2021 02/12/2021 1,900,000.00	1,895,017.60 0.00 0.00 1,895,276.21	1,996.57 2,375.00 12.91 391.34	258.60 0.00 258.60 649.94	649.94
91282CAZ4	UNITED STATES TREASURY 0.375 11/30/2025	03/26/2021 03/29/2021 1,350,000.00	1,341,378.63 0.00 0.00 1,341,804.02	1,701.33 0.00 2,116.29 414.96	425.40 0.00 425.40 840.36	840.36
91282CCW9	UNITED STATES TREASURY 0.75 08/31/2026	09/17/2021 09/20/2021 480,000.00	478,727.18 0.00 0.00 478,770.48	313.04 0.00 606.52 293.48	43.29 0.00 43.29 336.77	336.77
91282CCZ2	UNITED STATES TREASURY 0.875 09/30/2026	2,820,000.00	2,805,872.95 0.00 0.00 2,806,337.66	67.42 12,337.50 2,089.96 14,360.04	464.71 0.00 464.71 14,824.75	14,824.75
91282CED9	UNITED STATES TREASURY 1.75 03/15/2025	04/05/2022 04/07/2022 2,150,000.00	2,132,376.90 0.00 0.00 2,133,896.13	1,738.11 0.00 4,805.37 3,067.26	1,519.23 0.00 1,519.23 4,586.49	4,586.49
91282CEQ0	UNITED STATES TREASURY 2.75 05/15/2025	06/06/2022 06/07/2022 500,000.00	499,121.51 0.00 0.00 499,185.95	5,212.91 0.00 6,346.15 1,133.24	64.44 0.00 64.44 1,197.68	1,197.68

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91282CEW7	UNITED STATES TREASURY 3.25 06/30/2027	2,250,000.00	2,258,790.45 0.00 0.00 2,258,567.91	18,482.14 0.00 24,508.93 6,026.79	0.00 (222.54) (222.54) 5,804.24	5,804.24
91282CFB2	UNITED STATES TREASURY 2.75 07/31/2027	08/22/2022 08/23/2022 600,000.00	593,139.77 0.00 0.00 593,309.02	2,765.11 0.00 4,125.00 1,359.89	169.25 0.00 169.25 1,529.14	1,529.14
91282CFH9	UNITED STATES TREASURY 3.125 08/31/2027	1,950,000.00	1,932,865.17 0.00 0.00 1,933,277.39	5,298.91 0.00 10,266.64 4,967.73	412.23 0.00 412.23 5,379.96	5,379.96
91282CGC9	UNITED STATES TREASURY 3.875 12/31/2027	03/14/2023 03/16/2023 700,000.00	699,123.49 0.00 0.00 699,142.70	6,855.77 0.00 9,091.35 2,235.58	19.21 0.00 19.21 2,254.78	2,254.78
91282CGH8	UNITED STATES TREASURY 3.5 01/31/2028	02/16/2023 02/17/2023 2,500,000.00	2,452,310.93 0.00 0.00 2,453,332.84	14,663.46 0.00 21,875.00 7,211.54	1,021.91 0.00 1,021.91 8,233.45	8,233.45
91282CGP0	UNITED STATES TREASURY 4.0 02/29/2028	2,500,000.00	2,493,558.63 0.00 0.00 2,493,693.86	8,695.65 0.00 16,847.83 8,152.17	223.02 (87.79) 135.23 8,287.40	8,287.40
91282CHE4	UNITED STATES TREASURY 3.625 05/31/2028	2,425,000.00	2,387,819.73 0.00 0.00 2,388,553.07	29,542.26 0.00 36,747.69 7,205.43	733.34 0.00 733.34 7,938.77	7,938.77
91282CHX2	UNITED STATES TREASURY 4.375 08/31/2028	09/25/2023 09/26/2023 400,000.00	396,221.63 0.00 0.00 396,291.90	1,521.74 0.00 2,948.37 1,426.63	70.27 0.00 70.27 1,496.90	1,496.90
91282CJF9	UNITED STATES TREASURY 4.875 10/31/2028	10/27/2023 10/31/2023 600,000.00	602,083.05 0.00 0.00 602,045.72	12,294.64 14,625.00 79.48 2,409.84	0.00 (37.33) (37.33) 2,372.51	2,372.51

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91282CJN2	UNITED STATES TREASURY 4.375 11/30/2028	12/28/2023 12/29/2023 625,000.00	639,437.92 0.00 0.00 639,183.73	9,189.29 0.00 11,430.58 2,241.29	0.00 (254.19) (254.19) 1,987.10	1,987.10
91282CJR3	UNITED STATES TREASURY 3.75 12/31/2028	2,100,000.00	2,079,305.73 0.00 0.00 2,079,663.55	19,903.85 0.00 26,394.23 6,490.38	357.83 0.00 357.83 6,848.21	6,848.21
91282CJW2	UNITED STATES TREASURY 4.0 01/31/2029	02/16/2024 02/21/2024 1,500,000.00	1,479,831.81 0.00 0.00 1,480,174.42	10,054.95 0.00 15,000.00 4,945.05	342.61 0.00 342.61 5,287.66	5,287.66
91282CKG5	UNITED STATES TREASURY 4.125 03/31/2029	2,300,000.00	0.00 2,264,699.22 0.00 2,264,990.15	0.00 (3,516.39) 8,035.86 4,519.47	290.93 0.00 290.93 4,810.40	4,810.40
91324PDP4	UNITEDHEALTH GROUP INC 3.875 12/15/2028	12/12/2023 12/15/2023 650,000.00	625,879.43 0.00 0.00 626,300.38	7,416.32 0.00 9,515.28 2,098.96	420.95 0.00 420.95 2,519.91	2,519.91
91324PEC2	UNITEDHEALTH GROUP INC 1.15 05/15/2026	240,000.00	240,327.69 0.00 0.00 240,314.47	1,042.67 0.00 1,272.67 230.00	0.00 (13.21) (13.21) 216.79	216.79
91324PEG3	UNITEDHEALTH GROUP INC 3.7 05/15/2027	05/17/2022 05/20/2022 430,000.00	430,124.06 0.00 0.00 430,120.68	6,010.44 0.00 7,336.28 1,325.83	0.89 (4.27) (3.38) 1,322.45	1,322.45
931142ERO	WALMART INC 1.05 09/17/2026	09/08/2021 09/17/2021 235,000.00	234,781.33 0.00 0.00 234,788.63	95.96 0.00 301.58 205.63	7.30 0.00 7.30 212.92	212.92
Total Fixed Income			93,165,874.63 2,984,551.62 (2,916,779.32) 93,245,898.83	451,513.83 156,295.00 507,630.68 212,411.85	19,873.42 (7,621.51) 12,251.91 224,663.75	224,663.75

INCOME EARNED

City of Brea | Account #120 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
			93,254,130.35	451,513.83	19,873.42	
			4,215,498.44	157,665.68	(7,621.51)	
			(4,109,505.88)	507,630.68	12,251.91	
TOTAL PORTFOLIO		94,046,374.29	93,357,311.40	213,782.53	226,034.43	226,034.43

CASH FLOW REPORT

City of Brea | Account #120 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
MAY 2024							
05/01/2024	Dividend	316175884	0.00		1,019.77		1,019.77
05/01/2024	Coupon	06367WB85	0.00	BANK OF MONTREAL 1.85 05/01/2025		7,640.50	7,640.50
05/01/2024	Dividend	316175884	118,033.30	FIDELITY IMM:TRS III	1,019.77		1,019.77
05/07/2024	Coupon	3135G06G3	1,825,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 11/07/2025		4,562.50	4,562.50
05/10/2024	Coupon	665859AW4	430,000.00	NORTHERN TRUST CORP 4.0 05/10/2027		8,600.00	8,600.00
05/13/2024	Coupon	023135BX3	1,455,000.00	AMAZON.COM INC 1.0 05/12/2026		7,275.00	7,275.00
05/15/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		2,301.20	2,301.20
05/15/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
05/15/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		568.99	568.99
05/15/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	28,358.84		28,358.84
05/15/2024	Coupon	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025		14.46	14.46
05/15/2024	Principal Paydown	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025	15,862.36		15,862.36
05/15/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		64.85	64.85
05/15/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	11,063.06		11,063.06
05/15/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		65.21	65.21
05/15/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	22,299.57		22,299.57
05/15/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,290.50	2,290.50
05/15/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		85.25	85.25
05/15/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	14,564.22		14,564.22
05/15/2024	Coupon	89240BAC2	31,343.33	TAOT 2021-A A3 0.26 05/15/2025		6.51	6.51
05/15/2024	Principal Paydown	89240BAC2	31,343.33	TAOT 2021-A A3 0.26 05/15/2025	25,226.02		25,226.02
05/15/2024	Coupon	91282CEQ0	500,000.00	UNITED STATES TREASURY 2.75 05/15/2025		6,875.00	6,875.00
05/15/2024	Coupon	91324PEC2	240,000.00	UNITEDHEALTH GROUP INC 1.15 05/15/2026		1,380.00	1,380.00
05/15/2024	Coupon	91324PEG3	430,000.00	UNITEDHEALTH GROUP INC 3.7 05/15/2027		7,955.00	7,955.00
05/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		71.67	71.67
05/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	10,304.34		10,304.34
05/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		132.48	132.48
05/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	9,648.68		9,648.68
05/20/2024	Coupon	06406HCQ0	800,000.00	BANK OF NEW YORK MELLON CORP 3.95 11/18/2025		15,800.00	15,800.00

CASH FLOW REPORT

City of Brea | Account #120 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
05/20/2024	Coupon	22160KAM7	600,000.00	COSTCO WHOLESALE CORP 3.0 05/18/2027		9,000.00	9,000.00
05/20/2024	Coupon	36265MAC9	1,994.92	GMALT 2022-1 A3 1.9 03/20/2025		3.16	3.16
05/20/2024	Effective Maturity	36265MAC9	1,994.92	GMALT 2022-1 A3 1.9 03/20/2025	1,994.92		1,994.92
05/21/2024	Coupon	43813GAC5	7,573.46	HAROT 2021-1 A3 0.27 04/21/2025		2.39	2.39
05/21/2024	Principal Paydown	43813GAC5	7,573.46	HAROT 2021-1 A3 0.27 04/21/2025	6,857.98		6,857.98
05/21/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		110.58	110.58
05/21/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	15,024.58		15,024.58
05/28/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		906.62	906.62
05/28/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
05/28/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
05/28/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
05/28/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
05/28/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
05/28/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
05/28/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
05/28/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
05/28/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
05/31/2024	Coupon	91282CAZ4	1,350,000.00	UNITED STATES TREASURY 0.375 11/30/2025		2,531.25	2,531.25
05/31/2024	Coupon	91282CHE4	2,425,000.00	UNITED STATES TREASURY 3.625 05/31/2028		43,953.13	43,953.13
05/31/2024	Coupon	91282CJN2	625,000.00	UNITED STATES TREASURY 4.375 11/30/2028		13,671.88	13,671.88
May 2024 Total					163,244.12	168,715.51	331,959.63
JUNE 2024							
06/03/2024	Coupon	26442CAS3	850,000.00	DUKE ENERGY CAROLINAS LLC 2.95 12/01/2026		12,537.50	12,537.50
06/10/2024	Coupon	3133EPME2	850,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 06/08/2028		16,468.75	16,468.75
06/10/2024	Coupon	89115A2C5	1,100,000.00	TORONTO-DOMINION BANK 4.108 06/08/2027		22,594.00	22,594.00
06/17/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
06/17/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
06/17/2024	Coupon	3135G04Z3	1,800,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 06/17/2025		4,500.00	4,500.00
06/17/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		65.83	65.83
06/17/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	10,030.46		10,030.46

CASH FLOW REPORT

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
06/17/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		122.35	122.35
06/17/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	9,456.21		9,456.21
06/17/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		524.57	524.57
06/17/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	27,842.51		27,842.51
06/17/2024	Coupon	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025		9.44	9.44
06/17/2024	Principal Paydown	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025	15,524.80		15,524.80
06/17/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		58.03	58.03
06/17/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	10,876.26		10,876.26
06/17/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		55.55	55.55
06/17/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	12,791.16		12,791.16
06/17/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,290.50	2,290.50
06/17/2024	Coupon	74340XCG4	575,000.00	PROLOGIS LP 4.875 06/15/2028		14,015.63	14,015.63
06/17/2024	Coupon	756109BS2	1,000,000.00	REALTY INCOME CORP 4.7 12/15/2028		23,500.00	23,500.00
06/17/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		76.64	76.64
06/17/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	13,410.30		13,410.30
06/17/2024	Coupon	89240BAC2	31,343.33	TAOT 2021-A A3 0.26 05/15/2025		1.04	1.04
06/17/2024	Effective Maturity	89240BAC2	31,343.33	TAOT 2021-A A3 0.26 05/15/2025	4,814.78		4,814.78
06/17/2024	Coupon	91324PDP4	650,000.00	UNITEDHEALTH GROUP INC 3.875 12/15/2028		12,593.75	12,593.75
06/18/2024	Coupon	89236TJK2	995,000.00	TOYOTA MOTOR CREDIT CORP 1.125 06/18/2026		5,596.88	5,596.88
06/20/2024	Coupon	06051GJD2	950,000.00	BANK OF AMERICA CORP 1.319 06/19/2026		6,265.25	6,265.25
06/21/2024	Coupon	43813GAC5	7,573.46	HAROT 2021-1 A3 0.27 04/21/2025		0.84	0.84
06/21/2024	Effective Maturity	43813GAC5	7,573.46	HAROT 2021-1 A3 0.27 04/21/2025	3,752.79		3,752.79
06/21/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		99.56	99.56
06/21/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	14,709.59		14,709.59
06/25/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		904.43	904.43
06/25/2024	Principal Paydown	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024	787.30		787.30
06/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
06/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
06/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
06/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
06/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
06/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00

CASH FLOW REPORT

City of Brea | Account #120 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
06/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
06/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
06/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
June 2024 Total					123,996.16	158,265.91	282,262.07
JULY 2024							
07/01/2024	Coupon	91282CEW7	2,250,000.00	UNITED STATES TREASURY 3.25 06/30/2027		36,562.50	36,562.50
07/01/2024	Coupon	91282CGC9	700,000.00	UNITED STATES TREASURY 3.875 12/31/2027		13,562.50	13,562.50
07/01/2024	Coupon	91282CJR3	2,100,000.00	UNITED STATES TREASURY 3.75 12/31/2028		39,375.00	39,375.00
07/08/2024	Coupon	3135G0X24	1,875,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625 01/07/2025		15,234.38	15,234.38
07/15/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
07/15/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
07/15/2024	Coupon	24422EXB0	935,000.00	JOHN DEERE CAPITAL CORP 4.95 07/14/2028		23,141.25	23,141.25
07/15/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		480.95	480.95
07/15/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	27,151.54		27,151.54
07/15/2024	Coupon	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025		4.52	4.52
07/15/2024	Effective Maturity	44933LAC7	45,675.73	HART 2021-A A3 0.38 09/15/2025	14,288.57		14,288.57
07/15/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		51.32	51.32
07/15/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	10,357.09		10,357.09
07/15/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		50.01	50.01
07/15/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	9,836.19		9,836.19
07/15/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,290.50	2,290.50
07/15/2024	Coupon	87612EBM7	535,000.00	TARGET CORP 1.95 01/15/2027		5,216.25	5,216.25
07/15/2024	Coupon	89236TJT3	810,000.00	TOYOTA MOTOR CREDIT CORP 1.45 01/13/2025		5,872.50	5,872.50
07/15/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		68.70	68.70
07/15/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	12,238.34		12,238.34
07/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		60.15	60.15
07/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	9,288.35		9,288.35
07/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		112.42	112.42
07/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	9,220.03		9,220.03
07/22/2024	Coupon	3137EAEU9	1,800,000.00	FEDERAL HOME LOAN MORTGAGE CORP 0.375 07/21/2025		3,375.00	3,375.00

CASH FLOW REPORT

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
07/22/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		88.77	88.77
07/22/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	12,770.44		12,770.44
07/23/2024	Coupon	46647PAM8	1,000,000.00	JPMORGAN CHASE & CO 3.509 01/23/2029		17,545.00	17,545.00
07/25/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		902.35	902.35
07/25/2024	Principal Paydown	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024	829.16		829.16
07/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
07/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
07/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
07/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
07/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
07/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
07/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
07/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
07/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
07/31/2024	Coupon	91282CFB2	600,000.00	UNITED STATES TREASURY 2.75 07/31/2027		8,250.00	8,250.00
07/31/2024	Coupon	91282CGH8	2,500,000.00	UNITED STATES TREASURY 3.5 01/31/2028		43,750.00	43,750.00
07/31/2024	Coupon	91282CJW2	1,500,000.00	UNITED STATES TREASURY 4.0 01/31/2029		30,000.00	30,000.00
July 2024 Total					105,979.70	281,979.45	387,959.15
AUGUST 2024							
08/01/2024	Coupon	78016HZS2	650,000.00	ROYAL BANK OF CANADA 5.2 08/01/2028		16,900.00	16,900.00
08/05/2024	Coupon	89788MAA0	650,000.00	TRUIST FINANCIAL CORP 1.2 08/05/2025		3,900.00	3,900.00
08/12/2024	Coupon	3137EAEPO	1,920,000.00	FEDERAL HOME LOAN MORTGAGE CORP 1.5 02/12/2025		14,400.00	14,400.00
08/15/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
08/15/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
08/15/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		438.41	438.41
08/15/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	26,318.69		26,318.69
08/15/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		44.94	44.94
08/15/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	9,990.40		9,990.40
08/15/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		45.75	45.75
08/15/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	10,367.96		10,367.96
08/15/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,290.50	2,290.50

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
08/15/2024	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	16,483.18		16,483.18
08/15/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		61.46	61.46
08/15/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	11,847.49		11,847.49
08/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		54.88	54.88
08/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	9,001.57		9,001.57
08/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		102.74	102.74
08/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	8,755.49		8,755.49
08/21/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		79.41	79.41
08/21/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	12,382.51		12,382.51
08/26/2024	Coupon	17275RBR2	490,000.00	CISCO SYSTEMS INC 4.85 02/26/2029		11,882.50	11,882.50
08/26/2024	Coupon	3135G05X7	1,800,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.375 08/25/2025		3,375.00	3,375.00
08/26/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		900.16	900.16
08/26/2024	Principal Paydown	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024	87,283.49		87,283.49
08/26/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
08/26/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
08/26/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
08/26/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
08/26/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
08/26/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
08/26/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
08/26/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
08/26/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
08/27/2024	Coupon	14913UAJ9	1,000,000.00	CATERPILLAR FINANCIAL SERVICES CORP 4.85 02/27/2029		24,250.00	24,250.00
August 2024 Total					192,430.79	114,711.12	307,141.91
SEPTEMBER 2024							
09/03/2024	Coupon	74456QBX3	1,200,000.00	PUBLIC SERVICE ELECTRIC AND GAS CO 3.65 09/01/2028		21,900.00	21,900.00
09/03/2024	Coupon	808513BY0	750,000.00	CHARLES SCHWAB CORP 2.45 03/03/2027		9,187.50	9,187.50
09/03/2024	Coupon	912828ZC7	2,000,000.00	UNITED STATES TREASURY 1.125 02/28/2025		11,250.00	11,250.00
09/03/2024	Coupon	91282CCW9	480,000.00	UNITED STATES TREASURY 0.75 08/31/2026		1,800.00	1,800.00

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
09/03/2024	Coupon	91282CFH9	1,950,000.00	UNITED STATES TREASURY 3.125 08/31/2027		30,468.75	30,468.75
09/03/2024	Coupon	91282CGP0	2,500,000.00	UNITED STATES TREASURY 4.0 02/29/2028		50,000.00	50,000.00
09/03/2024	Coupon	91282CHX2	400,000.00	UNITED STATES TREASURY 4.375 08/31/2028		8,750.00	8,750.00
09/09/2024	Coupon	3130AWTR1	2,000,000.00	FEDERAL HOME LOAN BANKS 4.375 09/08/2028		43,750.00	43,750.00
09/09/2024	Coupon	57636QAW4	595,000.00	MASTERCARD INC 4.875 03/09/2028		14,503.13	14,503.13
09/11/2024	Coupon	037833DN7	450,000.00	APPLE INC 2.05 09/11/2026		4,612.50	4,612.50
09/16/2024	Coupon	00440EAS6	1,250,000.00	CHUBB INA HOLDINGS LLC 3.15 03/15/2025		19,687.50	19,687.50
09/16/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
09/16/2024	Coupon	06368FAC3	500,000.00	BANK OF MONTREAL 1.25 09/15/2026		3,125.00	3,125.00
09/16/2024	Coupon	084664CZ2	1,080,000.00	BERKSHIRE HATHAWAY FINANCE CORP 2.3 03/15/2027		12,420.00	12,420.00
09/16/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
09/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		49.78	49.78
09/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	8,813.12		8,813.12
09/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		93.55	93.55
09/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	8,552.66		8,552.66
09/16/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		397.18	397.18
09/16/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	25,656.17		25,656.17
09/16/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		38.78	38.78
09/16/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	9,753.91		9,753.91
09/16/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		41.25	41.25
09/16/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	10,207.15		10,207.15
09/16/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,220.58	2,220.58
09/16/2024	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	28,681.48		28,681.48
09/16/2024	Coupon	74340XBX8	500,000.00	PROLOGIS LP 4.0 09/15/2028		10,000.00	10,000.00
09/16/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		54.45	54.45
09/16/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	11,565.07		11,565.07
09/16/2024	Coupon	91282CED9	2,150,000.00	UNITED STATES TREASURY 1.75 03/15/2025		18,812.50	18,812.50
09/17/2024	Coupon	931142ER0	235,000.00	WALMART INC 1.05 09/17/2026		1,233.75	1,233.75
09/23/2024	Coupon	3137EAEX3	1,805,000.00	FEDERAL HOME LOAN MORTGAGE CORP 0.375 09/23/2025		3,384.38	3,384.38
09/23/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		70.33	70.33

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
09/23/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	12,065.61		12,065.61
09/25/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		669.52	669.52
09/25/2024	Principal Paydown	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024	123,956.87		123,956.87
09/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
09/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
09/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
09/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
09/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
09/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
09/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
09/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
09/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
09/30/2024	Coupon	91282CAM3	1,900,000.00	UNITED STATES TREASURY 0.25 09/30/2025		2,375.00	2,375.00
09/30/2024	Coupon	91282CCZ2	2,820,000.00	UNITED STATES TREASURY 0.875 09/30/2026		12,337.50	12,337.50
09/30/2024	Coupon	91282CKG5	2,300,000.00	UNITED STATES TREASURY 4.125 03/31/2029		47,437.50	47,437.50
September 2024 Total					239,252.04	366,655.79	605,907.83
OCTOBER 2024							
10/15/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
10/15/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
10/15/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		356.98	356.98
10/15/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	24,640.32		24,640.32
10/15/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		32.76	32.76
10/15/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	9,357.35		9,357.35
10/15/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		36.83	36.83
10/15/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	10,643.67		10,643.67
10/15/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,098.93	2,098.93
10/15/2024	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	22,738.92		22,738.92
10/15/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		47.61	47.61
10/15/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	11,145.46		11,145.46
10/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		44.79	44.79
10/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	8,476.52		8,476.52
10/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		84.57	84.57

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
10/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	8,209.22		8,209.22
10/21/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		61.48	61.48
10/21/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	11,596.38		11,596.38
10/21/2024	Coupon	4581X0DV7	1,915,000.00	INTER-AMERICAN DEVELOPMENT BANK 0.875 04/20/2026		8,378.13	8,378.13
10/21/2024	Coupon	61747YER2	750,000.00	MORGAN STANLEY 4.21 04/20/2028		15,787.50	15,787.50
10/22/2024	Coupon	3135G03U5	1,510,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.625 04/22/2025		4,718.75	4,718.75
10/22/2024	Coupon	46647PBK1	312,000.00	JPMORGAN CHASE & CO 2.083 04/22/2026		3,249.48	3,249.48
10/25/2024	Coupon	3133EPGW9	1,250,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 04/25/2028		24,218.75	24,218.75
10/25/2024	Coupon	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024		341.96	341.96
10/25/2024	Final Maturity	3137BFE98	343,092.42	FHMS K-041 A2 3.171 10/25/2024	129,407.83		129,407.83
10/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
10/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
10/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
10/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
10/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
10/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
10/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
10/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
10/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
10/28/2024	Coupon	459058JL8	945,000.00	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM 0.5 10/28/2025		2,362.50	2,362.50
10/31/2024	Coupon	91282CAT8	1,900,000.00	UNITED STATES TREASURY 0.25 10/31/2025		2,375.00	2,375.00
10/31/2024	Coupon	91282CJF9	600,000.00	UNITED STATES TREASURY 4.875 10/31/2028		14,625.00	14,625.00
October 2024 Total					236,215.69	114,806.38	351,022.07
NOVEMBER 2024							
11/01/2024	Coupon	06367WB85	826,000.00	BANK OF MONTREAL 1.85 05/01/2025		7,640.50	7,640.50
11/07/2024	Coupon	3135G06G3	1,825,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 11/07/2025		4,562.50	4,562.50
11/12/2024	Coupon	023135BX3	1,455,000.00	AMAZON.COM INC 1.0 05/12/2026		7,275.00	7,275.00
11/12/2024	Coupon	665859AW4	430,000.00	NORTHERN TRUST CORP 4.0 05/10/2027		8,600.00	8,600.00

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
11/15/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
11/15/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
11/15/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		318.38	318.38
11/15/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	22,568.36		22,568.36
11/15/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		26.99	26.99
11/15/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	9,121.01		9,121.01
11/15/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		32.22	32.22
11/15/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	12,646.40		12,646.40
11/15/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		2,002.48	2,002.48
11/15/2024	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	24,826.19		24,826.19
11/15/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		41.01	41.01
11/15/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	10,886.45		10,886.45
11/15/2024	Coupon	91282CEQ0	500,000.00	UNITED STATES TREASURY 2.75 05/15/2025		6,875.00	6,875.00
11/15/2024	Coupon	91324PEC2	240,000.00	UNITEDHEALTH GROUP INC 1.15 05/15/2026		1,380.00	1,380.00
11/15/2024	Coupon	91324PEG3	430,000.00	UNITEDHEALTH GROUP INC 3.7 05/15/2027		7,955.00	7,955.00
11/18/2024	Coupon	06406HCQ0	800,000.00	BANK OF NEW YORK MELLON CORP 3.95 11/18/2025		15,800.00	15,800.00
11/18/2024	Coupon	22160KAM7	600,000.00	COSTCO WHOLESALE CORP 3.0 05/18/2027		9,000.00	9,000.00
11/18/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		39.98	39.98
11/18/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	8,282.01		8,282.01
11/18/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		75.95	75.95
11/18/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	8,020.17		8,020.17
11/21/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		52.98	52.98
11/21/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	11,287.15		11,287.15
11/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
11/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
11/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
11/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
11/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
11/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
11/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
11/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
11/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
November 2024 Total					107,637.73	107,663.36	215,301.09
DECEMBER 2024							
12/02/2024	Coupon	26442CAS3	850,000.00	DUKE ENERGY CAROLINAS LLC 2.95 12/01/2026		12,537.50	12,537.50
12/02/2024	Coupon	91282CAZ4	1,350,000.00	UNITED STATES TREASURY 0.375 11/30/2025		2,531.25	2,531.25
12/02/2024	Coupon	91282CHE4	2,425,000.00	UNITED STATES TREASURY 3.625 05/31/2028		43,953.13	43,953.13
12/02/2024	Coupon	91282CJN2	625,000.00	UNITED STATES TREASURY 4.375 11/30/2028		13,671.88	13,671.88
12/09/2024	Coupon	3133EPME2	850,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 06/08/2028		16,468.75	16,468.75
12/09/2024	Coupon	89115A2C5	1,100,000.00	TORONTO-DOMINION BANK 4.108 06/08/2027		22,594.00	22,594.00
12/16/2024	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
12/16/2024	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
12/16/2024	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		35.29	35.29
12/16/2024	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	7,889.51		7,889.51
12/16/2024	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		67.53	67.53
12/16/2024	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	7,603.12		7,603.12
12/16/2024	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		283.02	283.02
12/16/2024	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	21,497.83		21,497.83
12/16/2024	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		21.37	21.37
12/16/2024	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	8,674.68		8,674.68
12/16/2024	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		26.74	26.74
12/16/2024	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	9,031.46		9,031.46
12/16/2024	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		1,897.17	1,897.17
12/16/2024	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	20,416.30		20,416.30
12/16/2024	Coupon	74340XCG4	575,000.00	PROLOGIS LP 4.875 06/15/2028		14,015.63	14,015.63
12/16/2024	Coupon	756109BS2	1,000,000.00	REALTY INCOME CORP 4.7 12/15/2028		23,500.00	23,500.00
12/16/2024	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		34.57	34.57
12/16/2024	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	10,412.40		10,412.40
12/16/2024	Coupon	91324PDP4	650,000.00	UNITEDHEALTH GROUP INC 3.875 12/15/2028		12,593.75	12,593.75
12/17/2024	Coupon	3135G04Z3	1,800,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.5 06/17/2025		4,500.00	4,500.00
12/18/2024	Coupon	89236TJK2	995,000.00	TOYOTA MOTOR CREDIT CORP 1.125 06/18/2026		5,596.88	5,596.88

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
12/19/2024	Coupon	06051GJD2	950,000.00	BANK OF AMERICA CORP 1.319 06/19/2026		6,265.25	6,265.25
12/23/2024	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		44.70	44.70
12/23/2024	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	10,785.50		10,785.50
12/25/2024	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
12/25/2024	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
12/25/2024	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
12/25/2024	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
12/25/2024	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
12/25/2024	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
12/25/2024	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
12/25/2024	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
12/25/2024	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
12/31/2024	Coupon	91282CEW7	2,250,000.00	UNITED STATES TREASURY 3.25 06/30/2027		36,562.50	36,562.50
12/31/2024	Coupon	91282CGC9	700,000.00	UNITED STATES TREASURY 3.875 12/31/2027		13,562.50	13,562.50
12/31/2024	Coupon	91282CJR3	2,100,000.00	UNITED STATES TREASURY 3.75 12/31/2028		39,375.00	39,375.00
December 2024 Total					96,310.80	306,123.76	402,434.56
JANUARY 2025							
01/07/2025	Coupon	3135G0X24	1,875,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625 01/07/2025		15,234.38	15,234.38
01/07/2025	Final Maturity	3135G0X24	1,875,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625 01/07/2025	1,875,000.00		1,875,000.00
01/13/2025	Coupon	89236TJT3	810,000.00	TOYOTA MOTOR CREDIT CORP 1.45 01/13/2025		5,872.50	5,872.50
01/13/2025	Final Maturity	89236TJT3	810,000.00	TOYOTA MOTOR CREDIT CORP 1.45 01/13/2025	810,000.00		810,000.00
01/14/2025	Coupon	24422EXB0	935,000.00	JOHN DEERE CAPITAL CORP 4.95 07/14/2028		23,141.25	23,141.25
01/15/2025	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
01/15/2025	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
01/15/2025	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		249.34	249.34
01/15/2025	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	20,995.70		20,995.70
01/15/2025	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		16.02	16.02
01/15/2025	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	8,483.99		8,483.99
01/15/2025	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		22.82	22.82
01/15/2025	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	16,325.95		16,325.95

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
01/15/2025	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		1,810.57	1,810.57
01/15/2025	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	32,270.70		32,270.70
01/15/2025	Coupon	87612EBM7	535,000.00	TARGET CORP 1.95 01/15/2027		5,216.25	5,216.25
01/15/2025	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		28.41	28.41
01/15/2025	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	10,215.82		10,215.82
01/16/2025	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		30.82	30.82
01/16/2025	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	7,740.15		7,740.15
01/16/2025	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		59.54	59.54
01/16/2025	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	7,464.97		7,464.97
01/21/2025	Coupon	3137EAEU9	1,800,000.00	FEDERAL HOME LOAN MORTGAGE CORP 0.375 07/21/2025		3,375.00	3,375.00
01/21/2025	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		36.79	36.79
01/21/2025	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	10,530.58		10,530.58
01/23/2025	Coupon	46647PAM8	1,000,000.00	JPMORGAN CHASE & CO 3.509 01/23/2029		17,545.00	17,545.00
01/27/2025	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,287.50	2,287.50
01/27/2025	Principal Paydown	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026	26,695.74		26,695.74
01/27/2025	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
01/27/2025	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
01/27/2025	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
01/27/2025	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
01/27/2025	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
01/27/2025	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
01/27/2025	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
01/27/2025	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
01/31/2025	Coupon	91282CFB2	600,000.00	UNITED STATES TREASURY 2.75 07/31/2027		8,250.00	8,250.00
01/31/2025	Coupon	91282CGH8	2,500,000.00	UNITED STATES TREASURY 3.5 01/31/2028		43,750.00	43,750.00
01/31/2025	Coupon	91282CJW2	1,500,000.00	UNITED STATES TREASURY 4.0 01/31/2029		30,000.00	30,000.00
January 2025 Total					2,825,723.61	190,624.07	3,016,347.67
FEBRUARY 2025							
02/03/2025	Coupon	78016HZS2	650,000.00	ROYAL BANK OF CANADA 5.2 08/01/2028		16,900.00	16,900.00
02/05/2025	Coupon	89788MAA0	650,000.00	TRUIST FINANCIAL CORP 1.2 08/05/2025		3,900.00	3,900.00

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
02/12/2025	Coupon	3137EAEP0	1,920,000.00	FEDERAL HOME LOAN MORTGAGE CORP 1.5 02/12/2025		14,400.00	14,400.00
02/12/2025	Final Maturity	3137EAEP0	1,920,000.00	FEDERAL HOME LOAN MORTGAGE CORP 1.5 02/12/2025	1,920,000.00		1,920,000.00
02/17/2025	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
02/17/2025	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		26.43	26.43
02/17/2025	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	7,629.25		7,629.25
02/17/2025	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		51.70	51.70
02/17/2025	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	7,365.75		7,365.75
02/17/2025	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		216.45	216.45
02/17/2025	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	20,585.13		20,585.13
02/17/2025	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		10.78	10.78
02/17/2025	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	8,334.92		8,334.92
02/17/2025	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		15.75	15.75
02/17/2025	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	14,474.68		14,474.68
02/17/2025	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		1,673.69	1,673.69
02/17/2025	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	28,259.40		28,259.40
02/17/2025	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		22.37	22.37
02/17/2025	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	10,055.57		10,055.57
02/18/2025	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
02/21/2025	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		29.07	29.07
02/21/2025	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	10,314.47		10,314.47
02/25/2025	Coupon	3135G05X7	1,800,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION 0.375 08/25/2025		3,375.00	3,375.00
02/25/2025	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,226.43	2,226.43
02/25/2025	Principal Paydown	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026	1,753.02		1,753.02
02/25/2025	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
02/25/2025	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
02/25/2025	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
02/25/2025	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
02/25/2025	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
02/25/2025	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
02/25/2025	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
02/25/2025	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
02/26/2025	Coupon	17275RBR2	490,000.00	CISCO SYSTEMS INC 4.85 02/26/2029		11,882.50	11,882.50
02/27/2025	Coupon	14913UAJ9	1,000,000.00	CATERPILLAR FINANCIAL SERVICES CORP 4.85 02/27/2029		24,250.00	24,250.00
02/28/2025	Coupon	912828ZC7	2,000,000.00	UNITED STATES TREASURY 1.125 02/28/2025		11,250.00	11,250.00
02/28/2025	Final Maturity	912828ZC7	2,000,000.00	UNITED STATES TREASURY 1.125 02/28/2025	2,000,000.00		2,000,000.00
02/28/2025	Coupon	91282CCW9	480,000.00	UNITED STATES TREASURY 0.75 08/31/2026		1,800.00	1,800.00
02/28/2025	Coupon	91282CFH9	1,950,000.00	UNITED STATES TREASURY 3.125 08/31/2027		30,468.75	30,468.75
02/28/2025	Coupon	91282CGP0	2,500,000.00	UNITED STATES TREASURY 4.0 02/29/2028		50,000.00	50,000.00
02/28/2025	Coupon	91282CHX2	400,000.00	UNITED STATES TREASURY 4.375 08/31/2028		8,750.00	8,750.00
February 2025 Total					4,028,772.21	214,946.80	4,243,719.01
MARCH 2025							
03/03/2025	Coupon	74456QBX3	1,200,000.00	PUBLIC SERVICE ELECTRIC AND GAS CO 3.65 09/01/2028		21,900.00	21,900.00
03/03/2025	Coupon	808513BY0	750,000.00	CHARLES SCHWAB CORP 2.45 03/03/2027		9,187.50	9,187.50
03/10/2025	Coupon	3130AWTR1	2,000,000.00	FEDERAL HOME LOAN BANKS 4.375 09/08/2028		43,750.00	43,750.00
03/10/2025	Coupon	57636QAW4	595,000.00	MASTERCARD INC 4.875 03/09/2028		14,503.13	14,503.13
03/11/2025	Coupon	037833DN7	450,000.00	APPLE INC 2.05 09/11/2026		4,612.50	4,612.50
03/17/2025	Coupon	00440EAS6	1,250,000.00	CHUBB INA HOLDINGS LLC 3.15 03/15/2025		19,687.50	19,687.50
03/17/2025	Final Maturity	00440EAS6	1,250,000.00	CHUBB INA HOLDINGS LLC 3.15 03/15/2025	1,250,000.00		1,250,000.00
03/17/2025	Coupon	02582JKH2	720,000.00	AMXCA 2024-1 A 5.23 04/16/2029		3,138.00	3,138.00
03/17/2025	Coupon	06368FAC3	500,000.00	BANK OF MONTREAL 1.25 09/15/2026		3,125.00	3,125.00
03/17/2025	Coupon	084664CZ2	1,080,000.00	BERKSHIRE HATHAWAY FINANCE CORP 2.3 03/15/2027		12,420.00	12,420.00
03/17/2025	Coupon	161571HT4	965,000.00	CHAIT 2023-1 A 5.16 09/15/2028		4,149.50	4,149.50
03/17/2025	Coupon	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026		22.11	22.11
03/17/2025	Principal Paydown	362554AC1	126,473.22	GMCAR 2021-4 A3 0.68 09/16/2026	7,429.33		7,429.33
03/17/2025	Coupon	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026		43.97	43.97
03/17/2025	Principal Paydown	380146AC4	126,974.49	GMCAR 2022-1 A3 1.26 11/16/2026	7,147.82		7,147.82
03/17/2025	Coupon	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026		184.20	184.20
03/17/2025	Principal Paydown	43815BAC4	363,188.11	HAROT 2022-1 A3 1.88 05/15/2026	19,957.13		19,957.13

CASH FLOW REPORT

City of Brea | Account #120 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
03/17/2025	Coupon	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026		5.64	5.64
03/17/2025	Principal Paydown	44935FAD6	105,166.52	HART 2021-C A3 0.74 05/15/2026	8,084.66		8,084.66
03/17/2025	Coupon	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026		9.48	9.48
03/17/2025	Principal Paydown	47789QAC4	154,358.63	JDOT 2021-B A3 0.52 03/16/2026	12,184.23		12,184.23
03/17/2025	Coupon	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027		1,553.82	1,553.82
03/17/2025	Principal Paydown	47800BAC2	540,000.00	JDOT 2022-C A3 5.09 06/15/2027	25,831.74		25,831.74
03/17/2025	Coupon	74340XBX8	500,000.00	PROLOGIS LP 4.0 09/15/2028		10,000.00	10,000.00
03/17/2025	Coupon	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026		16.42	16.42
03/17/2025	Principal Paydown	89238JAC9	145,332.17	TAOT 2021-D A3 0.71 04/15/2026	9,788.29		9,788.29
03/17/2025	Coupon	91282CED9	2,150,000.00	UNITED STATES TREASURY 1.75 03/15/2025		18,812.50	18,812.50
03/17/2025	Final Maturity	91282CED9	2,150,000.00	UNITED STATES TREASURY 1.75 03/15/2025	2,150,000.00		2,150,000.00
03/17/2025	Coupon	931142ER0	235,000.00	WALMART INC 1.05 09/17/2026		1,233.75	1,233.75
03/21/2025	Coupon	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026		21.50	21.50
03/21/2025	Principal Paydown	43815GAC3	150,788.72	HAROT 2021-4 A3 0.88 01/21/2026	10,010.08		10,010.08
03/24/2025	Coupon	3137EAEX3	1,805,000.00	FEDERAL HOME LOAN MORTGAGE CORP 0.375 09/23/2025		3,384.38	3,384.38
03/25/2025	Coupon	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026		2,222.42	2,222.42
03/25/2025	Principal Paydown	3137BNGT5	1,000,000.00	FHMS K-054 A2 2.745 01/25/2026	26,373.59		26,373.59
03/25/2025	Coupon	3137BQYS0	570,000.00	FHMS K-056 A2 2.525 05/25/2026		1,199.38	1,199.38
03/25/2025	Coupon	3137BXQY1	1,000,000.00	FHMS K-064 A2 3.224 03/25/2027		2,686.67	2,686.67
03/25/2025	Coupon	3137FCLD4	2,000,000.00	FHMS K-071 A2 3.286 11/25/2027		5,476.67	5,476.67
03/25/2025	Coupon	3137FETN0	1,500,000.00	FHMS K-073 A2 3.35 01/25/2028		4,187.50	4,187.50
03/25/2025	Coupon	3137FEZU7	1,200,000.00	FHMS K-076 A2 3.9 04/25/2028		3,900.00	3,900.00
03/25/2025	Coupon	3137FGR31	1,300,000.00	FHMS K-078 A2 3.854 06/25/2028		4,175.17	4,175.17
03/25/2025	Coupon	3137FJKE8	600,000.00	FHMS K-082 A2 3.92 09/25/2028		1,960.00	1,960.00
03/25/2025	Coupon	3137H5YC5	1,500,000.00	FHMS K-748 A2 2.26 01/25/2029		2,825.00	2,825.00
March 2025 Total					3,526,806.86	200,393.69	3,727,200.56
Grand Total			331,133,962.27		11,646,369.70	2,224,885.84	13,871,255.54

IMPORTANT DISCLOSURES

City of Brea | Account #120 | As of April 30, 2024

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Information contained in this monthly statement is confidential and is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of this statement, but may become outdated or superseded at any time without notice.

Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

BENCHMARK INDEX & DISCLOSURES

City of Brea | Account #120 | As of April 30, 2024

Benchmark	Disclosure
ICE BofA 1-5 Yr US Treasury & Agency Index	The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody’s, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.
ICE BofA 1-5 Year AAA-A Corp/Govt	The ICE BofA US Issuers 1-5 Year AAA-A US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational, and corporate securities. Qualifying securities must be issued from US issuers and be rated AAA through A3 (based on an average of Moody’s, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities.

MONTHLY ACCOUNT STATEMENT

City of Brea Liquidity | Account #11150 | As of April 30, 2024

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

Custodian:

Bank of New York Mellon

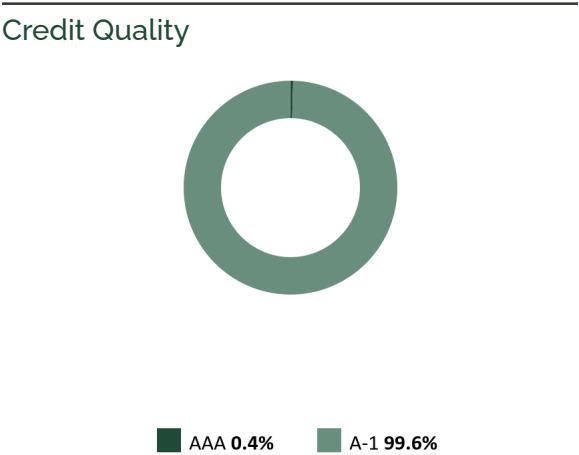
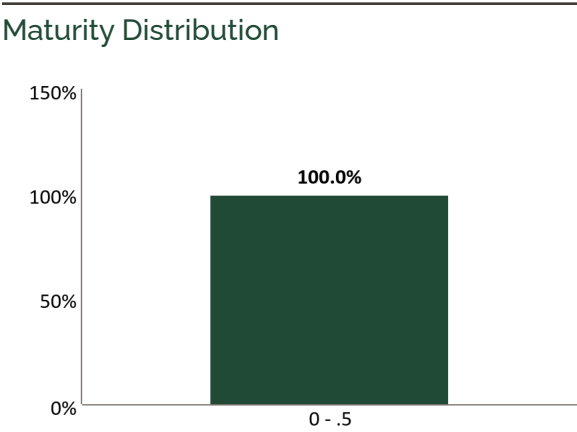
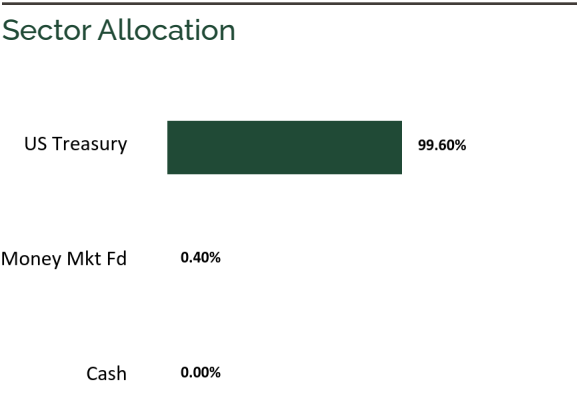
PORTFOLIO SUMMARY

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Portfolio Characteristics	
Average Modified Duration	0.12
Average Coupon	0.02%
Average Purchase YTM	5.24%
Average Market YTM	5.26%
Average Quality	AAA
Average Final Maturity	0.12
Average Life	0.12

Account Summary		
	Beg. Values as of 04/01/2024	End Values as of 04/30/2024
Market Value	2,036,531.26	2,045,353.95
Accrued Interest	0.00	0.00
Total Market Value	2,036,531.26	2,045,353.95
Income Earned	8,902.88	8,619.02
Cont/WD	0.00	0.00
Par	2,058,211.81	2,058,245.07
Book Value	2,037,322.33	2,045,940.31
Cost Value	2,001,266.52	2,001,299.78

Top Issuers	
United States	99.60%
FMR LLC	0.40%



*See Footnote

RECONCILIATION SUMMARY

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Maturities / Calls

Month to Date	0.00
Fiscal Year to Date	0.00

Principal Paydowns

Month to Date	0.00
Fiscal Year to Date	0.00

Purchases

Month to Date	34.30
Fiscal Year to Date	4,001,266.52

Sales

Month to Date	0.00
Fiscal Year to Date	(2,000,000.00)

Interest Received

Month to Date	34.30
Fiscal Year to Date	1,266.52

Purchased / Sold Interest

Month to Date	0.00
Fiscal Year to Date	0.00

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Book Value	2,037,322.33	0.00
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	34.30	4,001,266.52
Sales	0.00	(2,000,000.00)
Change in Cash, Payables, Receivables	(1.04)	33.26
Amortization/Accretion	8,584.72	44,640.53
Realized Gain (Loss)	0.00	0.00
Ending Book Value	2,045,940.31	2,045,940.31

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Market Value	2,036,531.26	0.00
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	34.30	4,001,266.52
Sales	0.00	(2,000,000.00)
Change in Cash, Payables, Receivables	(1.04)	33.26
Amortization/Accretion	8,584.72	44,640.53
Change in Net Unrealized Gain (Loss)	204.72	(586.36)
Realized Gain (Loss)	0.00	0.00
Ending Market Value	2,045,353.95	2,045,353.95

HOLDINGS REPORT

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
CASH									
CCYUSD	Receivable	33.26	-- 0.00%	33.26 33.26	1.00 0.00%	33.26 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		33.26	0.00%	33.26 33.26	1.00 0.00%	33.26 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
MONEY MARKET FUND									
316175884	FIDELITY IMM:TRS III	8,211.81	-- 4.95%	8,211.81 8,211.81	1.00 4.95%	8,211.81 0.00	0.40% 0.00	Aaa/ AAAm NA	0.00 0.00
Total Money Market Fund		8,211.81	4.95%	8,211.81 8,211.81	1.00 4.95%	8,211.81 0.00	0.40% 0.00	Aaa/AAAm NA	0.00 0.00
US TREASURY									
912797FS1	UNITED STATES TREASURY 06/13/2024	2,050,000.00	11/24/2023 5.24%	1,993,054.71 2,037,695.24	99.37 5.26%	2,037,108.88 0.00	99.60% (586.36)	P-1/A-1+ F1+	0.12 0.12
Total US Treasury		2,050,000.00	11/24/2023 5.24%	1,993,054.71 2,037,695.24	99.37 5.26%	2,037,108.88 0.00	99.60% (586.36)	P-1/A-1+ F1+	0.12 0.12
Total Portfolio		2,058,245.07	5.24%	2,001,299.78 2,045,940.31	98.97 5.26%	2,045,353.95 0.00	100.00% (586.36)	Aaa/AAA AAA	0.12 0.12
Total Market Value + Accrued						2,045,353.95			

TRANSACTION LEDGER

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/02/2024	316175884	34.30	FIDELITY IMM:TRS III	1.000	4.86%	(34.30)	0.00	(34.30)	0.00
Total Purchase			34.30				(34.30)	0.00	(34.30)	0.00
TOTAL ACQUISITIONS			34.30				(34.30)	0.00	(34.30)	0.00
OTHER TRANSACTIONS										
TOTAL OTHER TRANSACTIONS			0.00				0.00	0.00	0.00	0.00

INCOME EARNED

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENTS						
316175884	FIDELITY IMM:TRS III	8,211.81	8,177.51	0.00	0.00	34.30
			34.30	34.30	0.00	
			0.00	0.00	0.00	
			8,211.81	34.30	34.30	
CCYUSD	Receivable	33.26	34.30	0.00	0.00	0.00
			0.00	0.00	0.00	
			0.00	0.00	0.00	
			33.26	0.00	0.00	
			8,211.81	0.00	0.00	
			34.30	34.30	0.00	
			0.00	0.00	0.00	
Total Cash & Equivalents		8,245.07	8,245.07	34.30	34.30	34.30
FIXED INCOME						
912797FS1	UNITED STATES TREASURY 06/13/2024	11/24/2023	2,029,110.52	0.00	8,584.72	8,584.72
		11/27/2023	0.00	0.00	0.00	
		2,050,000.00	0.00	0.00	8,584.72	
			2,037,695.24	0.00	8,584.72	
			2,029,110.52	0.00	8,584.72	
			0.00	0.00	0.00	
			0.00	0.00	8,584.72	
Total Fixed Income		2,050,000.00	2,037,695.24	0.00	8,584.72	8,584.72
			2,037,322.33	0.00	8,584.72	
			34.30	34.30	0.00	
			0.00	0.00	8,584.72	
TOTAL PORTFOLIO		2,058,245.07	2,045,940.31	34.30	8,619.02	8,619.02

CASH FLOW REPORT

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
MAY 2024							
05/01/2024	Dividend	316175884	0.00		33.26		33.26
05/01/2024	Dividend	316175884	8,211.81	FIDELITY IMM:TRS III	33.26		33.26
May 2024 Total					66.52		66.52
JUNE 2024							
06/13/2024	Final Maturity	912797FS1	2,050,000.00	UNITED STATES TREASURY 06/13/2024	2,050,000.00		2,050,000.00
June 2024 Total					2,050,000.00		2,050,000.00
Grand Total			2,058,211.81		2,050,066.52		2,050,066.52

IMPORTANT DISCLOSURES

City of Brea Liquidity | Account #11150 | As of April 30, 2024

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Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

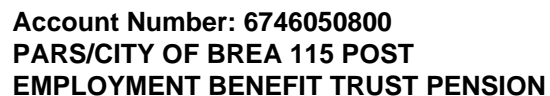
Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

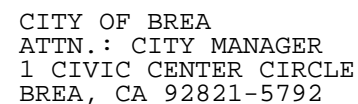
BENCHMARK INDEX & DISCLOSURES

City of Brea Liquidity | Account #11150 | As of April 30, 2024

Benchmark	Disclosure
ICE BofA 3-Month US Treasury Bill Index	The ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.



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MARKET AND COST RECONCILIATION		
	04/30/2024 MARKET	04/30/2024 BOOK VALUE
Beginning Market And Cost	11,591,978.79	9,950,799.37
Investment Activity		
Interest	19,208.18	19,208.18
Dividends	2,243.04	2,243.04
Realized Gain/Loss	17,952.21	17,952.21
Change In Unrealized Gain/Loss	- 415,686.95	.00
Net Accrued Income (Current-Prior)	- 3,296.78	- 3,296.78
Other Earnings	.73	.73
Total Investment Activity	- 379,579.57	36,107.38
Plan Expenses		
Trust Fees	- 1,888.14	- 1,888.14
Total Plan Expenses	- 1,888.14	- 1,888.14
Other Activity		
Transfers To Checking Account	- 1,657.33	- 1,657.33
Total Other Activity	- 1,657.33	- 1,657.33
Net Change In Market And Cost	- 383,125.04	32,561.91
Ending Market And Cost	11,208,853.75	9,983,361.28

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CASH RECONCILIATION

Beginning Cash	- 17,859.53
Investment Activity	
Interest	19,208.18
Dividends	2,243.04
Cash Equivalent Purchases	- 187,220.00
U S Government Issues Purchases	- 156,145.01
Corporate Issues Purchases	- 97,856.78
Mutual Fund Purchases	- 158,134.81
Cash Equivalent Sales	161,633.17
U S Government Issues Sales	158,313.52
Corporate Issues Sales	123,294.60
Foreign Issues Sales	35,000.00
Mutual Fund Sales	113,000.00
Other Earnings	.73
Total Investment Activity	13,336.64
Plan Expenses	
Trust Fees	- 1,888.14
Total Plan Expenses	- 1,888.14
Other Activity	
Transfers To Checking Account	- 1,657.33
Total Other Activity	- 1,657.33
Net Change In Cash	9,791.17
Ending Cash	- 8,068.36

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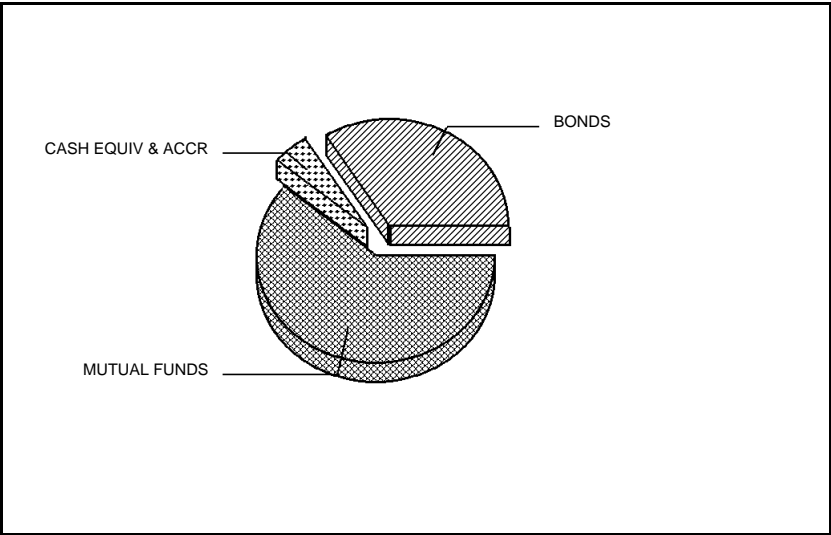


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ASSET SUMMARY

ASSETS	04/30/2024 MARKET	04/30/2024 BOOK VALUE	% OF MARKET
Cash And Equivalents	395,607.55	395,607.55	3.53
U.S. Government Issues	2,398,420.85	2,409,703.04	21.40
Corporate Issues	1,393,178.19	1,380,545.71	12.43
Foreign Issues	35,668.26	35,053.02	0.32
Mutual Funds-Equity	6,647,343.89	5,410,228.14	59.30
Mutual Funds-Fixed Income	311,957.36	325,546.17	2.78
Total Assets	11,182,176.10	9,956,683.63	99.76
Accrued Income	26,677.65	26,677.65	0.24
Grand Total	11,208,853.75	9,983,361.28	100.00



Estimated Annual Income 299,226.81

ASSET SUMMARY MESSAGES

Estimated Annual Income is an estimate provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.

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ASSET DETAIL

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cash And Equivalents						
Money Markets						
First Am Govt Ob Fd Cl X 31846V336 Asset Minor Code 1	403,675.910	403,675.91 1.0000	403,675.91	.00 .00	1,583.99	5.22
Total Money Markets	403,675.910	403,675.91	403,675.91	.00 .00	1,583.99	5.21
Cash						
Pending Cash		- 8,068.36	- 8,068.36			
Total Cash	.000	- 8,068.36	- 8,068.36	.00 .00	.00	0.00
Total Cash And Equivalents	403,675.910	395,607.55	395,607.55	.00 .00	1,583.99	5.32
US Government Issues						
F H L M C #Sd8237 4.000% 7/01/52 Standard & Poors Rating: N/A Moodys Rating: N/A 3132DWEJ8 Asset Minor Code 24	413,779.260	370,518.64 89.5450	367,810.96	2,707.68 - 13,319.76	1,379.26	4.47
F H L M C #Sd8244 4.000% 9/01/52 Standard & Poors Rating: N/A Moodys Rating: N/A 3132DWERO Asset Minor Code 24	73,878.850	66,133.39 89.5160	69,296.04	- 3,162.65 - 2,301.87	246.26	4.47

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
F H L M C #Sd8288 5.000% 12/01/52 Standard & Poors Rating: N/A Moody's Rating: N/A 3132DWF57 Asset Minor Code 24	370,367.060	351,189.45 94.8220	350,112.62	1,076.83 - 10,457.82	1,543.20	5.27
F H L M C Mltcl Mtg 5.180% 3/25/29 Standard & Poors Rating: N/A Moody's Rating: N/A 3137HCKV3 Asset Minor Code 30	30,000.000	29,997.60 99.9920	30,032.81	- 35.21 - 35.21	.00	5.18
F N M A #Ma4838 3.500% 11/01/52 Standard & Poors Rating: N/A Moody's Rating: N/A 31418ELU2 Asset Minor Code 24	421,705.050	363,821.81 86.2740	361,348.53	2,473.28 - 13,805.56	1,229.97	4.06
F N M A #Ma4867 4.500% 12/01/52 Standard & Poors Rating: N/A Moody's Rating: N/A 31418EMR8 Asset Minor Code 24	283,189.630	261,066.86 92.1880	259,959.23	1,107.63 - 8,630.14	1,061.96	4.88
U S Treasury Bd 3.625% 5/15/53 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TR9 Asset Minor Code 21	36,000.000	29,424.24 81.7340	29,605.78	- 181.54 - 2,205.00	602.31	4.44
U S Treasury Bd 3.875% 5/15/43 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TS7 Asset Minor Code 21	30,000.000	26,162.10 87.2070	27,521.48	- 1,359.38 - 1,525.80	536.54	4.44
U S Treasury Bd 4.125% 8/15/53 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TT5 Asset Minor Code 21	43,000.000	38,505.21 89.5470	41,206.14	- 2,700.93 - 2,821.66	370.34	4.61

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
U S Treasury Bd 4.500% 8/15/43 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TU2 Asset Minor Code 21	230,000.000	214,799.30 93.3910	214,187.50	611.80 - 12,470.60	2,160.99	4.82
U S Treasury Bd 5.000% 11/15/53 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TV0 Asset Minor Code 21	26,000.000	25,865.84 99.4840	26,945.63	- 1,079.79 - 1,117.29	600.00	5.03
U S Treasury Bd 4.500% 2/15/44 Standard & Poors Rating: N/A Moody's Rating: Aaa 912810TZ1 Asset Minor Code 21	20,000.000	18,987.60 94.9380	20,360.94	- 1,373.34 - 1,121.80	166.07	4.74
U S Treasury Nt 5.000% 10/31/25 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CJE2 Asset Minor Code 21	280,000.000	279,344.80 99.7660	280,895.32	- 1,550.52 - 1,442.00	38.04	5.01
U S Treasury Nt 4.500% 11/15/33 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CJJ1 Asset Minor Code 21	45,000.000	44,338.95 98.5310	46,475.96	- 2,137.01 - 704.78	934.62	4.57
U S Treasury Nt 4.000% 1/31/29 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CJW2 Asset Minor Code 21	90,000.000	87,205.50 96.8950	88,711.72	- 1,506.22 - 2,046.79	900.00	4.13
U S Treasury Nt 4.000% 2/15/34 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CJZ5 Asset Minor Code 21	114,000.000	107,944.32 94.6880	111,895.19	- 3,950.87 - 3,723.60	952.09	4.22

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
U S Treasury Nt 4.250% 2/28/29 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CKD2 Asset Minor Code 21	4,000.000	3,918.44 97.9610	4,018.44	- 100.00 - 86.88	28.64	4.34
U S Treasury Nt 4.500% 3/31/26 Standard & Poors Rating: N/A Moody's Rating: Aaa 91282CKH3 Asset Minor Code 21	80,000.000	79,196.80 98.9960	79,318.75	- 121.95 - 121.95	304.92	4.55
Total US Government Issues	2,590,919.850	2,398,420.85	2,409,703.04	- 11,282.19 - 77,938.51	13,055.21	4.66

Corporate Issues

At T Inc 2.550% 12/01/33 Standard & Poors Rating: BBB Moody's Rating: Baa2 00206RMM1 Asset Minor Code 28	30,000.000	23,156.40 77.1880	24,046.20	- 889.80 - 873.00	318.75	3.30
Abbvie Inc 4.250% 11/21/49 Standard & Poors Rating: A- Moody's Rating: A3 00287YCB3 Asset Minor Code 28	15,000.000	12,256.80 81.7120	12,303.90	- 47.10 - 47.10	.00	5.20
Abbvie Inc 4.950% 3/15/31 Standard & Poors Rating: A- Moody's Rating: A3 00287YDT3 Asset Minor Code 28	.000	.00 98.0870	.00	.00 .00	178.75	0.00
American Honda Mtn 5.125% 7/07/28 Standard & Poors Rating: A- Moody's Rating: A3 02665WEM9 Asset Minor Code 28	18,000.000	17,879.04 99.3280	17,759.88	119.16 - 324.36	292.13	5.16

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
American Honda Mtn 4.900% 1/10/34 Standard & Poors Rating: A- Moody's Rating: A3 02665WEZ0 Asset Minor Code 28	15,000.000	14,287.20 95.2480	14,953.05	- 665.85 - 483.00	226.63	5.14
Amgen Inc 5.650% 3/02/53 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 031162DT4 Asset Minor Code 28	13,000.000	12,475.84 95.9680	11,941.41	534.43 - 770.64	120.38	5.89
Aztrazeneca LLC 5.000% 2/26/34 Standard & Poors Rating: A Moody's Rating: A2 04636NAN3 Asset Minor Code 28	.000	.00 97.2760	.00	.00 - 116.55	135.42	0.00
Bmw Veh Owner Tr 3.440% 12/26/28 Standard & Poors Rating: AAA Moody's Rating: Aaa 05602RAE1 Asset Minor Code 31	100,000.000	96,579.00 96.5790	95,808.59	770.41 - 406.00	57.33	3.56
Bank Of America Mtn 3.194% 7/23/30 Standard & Poors Rating: A- Moody's Rating: A1 06051GHV4 Asset Minor Code 28	20,000.000	17,772.60 88.8630	22,159.40	- 4,386.80 - 390.80	173.90	3.59
Bank Of Ny Mtn 0.500% 4/26/24 Standard & Poors Rating: N/R Moody's Rating: WR 06406RAS6 Asset Minor Code 28	.000	.00 100.0000	.00	.00 - 672.70	.00	0.00
Berkshire Hathaway 3.850% 3/15/52 Standard & Poors Rating: AA Moody's Rating: Aa2 084664DB4 Asset Minor Code 28	24,000.000	18,160.32 75.6680	17,598.96	561.36 - 1,240.56	118.07	5.09

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Black Hills Corp 1.037% 8/23/24 Standard & Poors Rating: BBB+ Moody's Rating: Baa2 092113AU3 Asset Minor Code 28	35,000.000	34,466.95 98.4770	33,628.35	838.60 91.35	68.56	1.05
Blackrock Funding 5.250% 3/14/54 Standard & Poors Rating: AA- Moody's Rating: Aa3 09290DAC5 Asset Minor Code 28	15,000.000	14,159.10 94.3940	14,890.30	- 731.20 - 915.15	102.81	5.56
Bristol Myers 5.200% 2/22/34 Standard & Poors Rating: A Moody's Rating: A2 110122EH7 Asset Minor Code 28	5,000.000	4,896.45 97.9290	4,998.85	- 102.40 - 180.20	49.83	5.31
Cna Fnl Corp 5.125% 2/15/34 Standard & Poors Rating: A- Moody's Rating: Baa2 126117AY6 Asset Minor Code 28	15,000.000	14,152.50 94.3500	14,809.35	- 656.85 - 441.60	175.10	5.43
Cvs Caremark 6.125% 9/15/39 Standard & Poors Rating: BBB Moody's Rating: Baa2 126650BR0 Asset Minor Code 28	5,000.000	4,954.55 99.0910	5,017.55	- 63.00 - 220.05	39.13	6.18
Cvs Health Corp 5.050% 3/25/48 Standard & Poors Rating: BBB Moody's Rating: Baa2 126650CZ1 Asset Minor Code 28	17,000.000	14,501.00 85.3000	13,872.00	629.00 - 938.06	85.85	5.92
Cisco Sys Inc 5.300% 2/26/54 Standard & Poors Rating: AA- Moody's Rating: A1 17275RBU5 Asset Minor Code 28	15,000.000	14,433.45 96.2230	14,975.40	- 541.95 - 963.90	143.54	5.51

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ASSET DETAIL (continued)						
DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Citigroup Inc Sub 6.174% 5/25/34 Standard & Poors Rating: BBB Moody's Rating: Baa2 17327CAR4 Asset Minor Code 28	20,000.000	19,848.80 99.2440	19,087.20	761.60 - 461.00	535.08	6.22
Citizens Financial 6.645% 4/25/35 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 174610BG9 Asset Minor Code 28	20,000.000	20,056.00 100.2800	20,017.75	38.25 38.25	22.15	6.63
Commonwealth Edison 5.875% 2/01/33 Standard & Poors Rating: A Moody's Rating: A1 202795HG8 Asset Minor Code 28	20,000.000	20,146.40 100.7320	20,078.40	68.00 - 553.20	293.75	5.83
Consolidated Edison 5.700% 12/01/36 Standard & Poors Rating: A- Moody's Rating: A3 209111EQ2 Asset Minor Code 28	11,000.000	10,876.58 98.8780	10,346.93	529.65 - 340.23	261.25	5.76
Cummins Inc Sr 5.450% 2/20/54 Standard & Poors Rating: A Moody's Rating: A2 231021AX4 Asset Minor Code 28	15,000.000	14,439.45 96.2630	14,905.65	- 466.20 - 895.95	161.23	5.66
Dte Elec Co 5.200% 3/01/34 Standard & Poors Rating: A Moody's Rating: Aa3 23338VAV8 Asset Minor Code 28	15,000.000	14,576.85 97.1790	14,992.95	- 416.10 - 491.70	134.33	5.35
Daimler Trucks 5.770% 12/15/27 Standard & Poors Rating: N/A Moody's Rating: Aaa 233874AC0 Asset Minor Code 31	10,000.000	9,985.80 99.8580	9,999.11	- 13.31 - 13.31	11.22	5.78

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Dell Intl LLC 5.400% 4/15/34 Standard & Poors Rating: BBB Moody's Rating: Baa2 24703DBN0 Asset Minor Code 28	10,000.000	9,688.70 96.8870	9,980.20	- 291.50 - 334.70	64.50	5.57
Delta Air Lines 5.000% 12/10/29 Standard & Poors Rating: BBB+ Moody's Rating: A3 247361ZW1 Asset Minor Code 31	32,135.960	28,971.21 90.1520	27,797.61	1,173.60 60.09	227.63	5.55
Duke Energy 5.550% 3/15/54 Standard & Poors Rating: A Moody's Rating: A2 26442EAL4 Asset Minor Code 28	20,000.000	18,880.00 94.4000	19,947.80	- 1,067.80 - 1,068.00	144.92	5.88
Electronic Arts Inc 2.950% 2/15/51 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 285512AF6 Asset Minor Code 28	29,000.000	18,131.96 62.5240	17,405.51	726.45 - 1,253.09	180.61	4.72
Energy Transfer L P 5.950% 5/15/54 Standard & Poors Rating: BBB Moody's Rating: Baa3 29273VAW0 Asset Minor Code 28	15,000.000	14,137.05 94.2470	14,928.45	- 791.40 - 832.20	238.00	6.31
Entergy LLC 5.000% 9/01/33 Standard & Poors Rating: A Moody's Rating: A2 29366WAD8 Asset Minor Code 28	21,000.000	19,973.73 95.1130	19,642.35	331.38 - 654.36	175.00	5.26
Essential Utils Inc 3.351% 4/15/50 Standard & Poors Rating: BBB+ Moody's Rating: Baa2 29670GAE2 Asset Minor Code 28	29,000.000	19,183.50 66.1500	17,855.88	1,327.62 - 1,108.09	43.19	5.07

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Extra Space Storage 5.700% 4/01/28 Standard & Poors Rating: BBB+ Moody's Rating: Baa2 30225VAJ6 Asset Minor Code 28	13,000.000	12,996.49 99.9730	12,813.97	182.52 - 236.60	61.75	5.70
Fedex 2020 1 Class 1.875% 2/20/34 Standard & Poors Rating: AA- Moody's Rating: Aa3 314353AA1 Asset Minor Code 31	38,203.760	30,811.71 80.6510	30,405.61	406.10 - 625.50	141.27	2.32
First Natl Mstr 8.24026% 4/16/29 Standard & Poors Rating: N/A Moody's Rating: Aaa 32113CBV1 Asset Minor Code 31	40,000.000	39,549.60 98.8740	39,920.31	- 370.71 - 296.00	146.49	8.33
Ford Cr Auto Owner 5.980% 6/15/28 Standard & Poors Rating: N/A Moody's Rating: Aaa 345295AF6 Asset Minor Code 31	45,000.000	45,318.60 100.7080	45,149.41	169.19 - 389.25	119.60	5.94
Ford Cr Aut Own Tr 0.490% 9/15/26 Standard & Poors Rating: AAA Moody's Rating: Aaa 34532NAD7 Asset Minor Code 31	75,000.000	72,446.25 96.5950	70,822.27	1,623.98 145.50	16.33	0.51
Gm Fin Atmbl Lease 5.160% 1/20/27 Standard & Poors Rating: AAA Moody's Rating: N/A 362541AE4 Asset Minor Code 31	30,000.000	29,837.40 99.4580	29,630.86	206.54 - 84.90	47.30	5.19
Goldman Sachs 1.948% 10/21/27 Standard & Poors Rating: BBB+ Moody's Rating: A2 38141GYM0 Asset Minor Code 28	22,000.000	20,087.76 91.3080	19,460.54	627.22 - 135.08	11.90	2.13

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Hormel Foods Corp 0.650% 6/03/24 Standard & Poors Rating: A- Moody's Rating: A1 440452AG5 Asset Minor Code 28	35,000.000	34,849.50 99.5700	34,012.65	836.85 152.60	93.53	0.65
Hyundai Auto Recv 1.600% 12/15/26 Standard & Poors Rating: AAA Moody's Rating: N/A 44933FAF3 Asset Minor Code 31	15,000.000	14,783.55 98.5570	14,634.96	148.59 53.70	10.67	1.62
Idaho Pwr Co 5.800% 4/01/54 Standard & Poors Rating: A- Moody's Rating: A2 45138LBJ1 Asset Minor Code 28	19,000.000	18,437.79 97.0410	17,849.55	588.24 - 1,022.20	91.83	5.98
Warnermedia Hldgs 5.141% 3/15/52 Standard & Poors Rating: BBB- Moody's Rating: Baa3 55903VBE2 Asset Minor Code 28	.000	.00 76.5910	.00	.00 - 414.60	.00	0.00
Marsh McLennan 5.450% 3/15/54 Standard & Poors Rating: A- Moody's Rating: A3 571748BX9 Asset Minor Code 28	15,000.000	14,316.90 95.4460	14,843.70	- 526.80 - 737.70	161.23	5.71
Mattel Inc 5.450% 11/01/41 Standard & Poors Rating: BBB Moody's Rating: Baa3 577081AW2 Asset Minor Code 28	16,000.000	14,003.52 87.5220	12,916.16	1,087.36 - 818.40	436.00	6.23
Morgan Stanley 6.407% 11/01/29 Standard & Poors Rating: A- Moody's Rating: A1 61747YFH3 Asset Minor Code 28	25,000.000	25,777.75 103.1110	25,844.00	- 66.25 - 66.25	800.88	6.21

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Motorola Solutions 2.750% 5/24/31 Standard & Poors Rating: BBB Moody's Rating: Baa2 620076BU2 Asset Minor Code 28	22,000.000	18,277.82 83.0810	17,486.48	791.34 - 365.86	263.85	3.31
Nevada Power Co 6.000% 3/15/54 Standard & Poors Rating: A Moody's Rating: A2 641423CG1 Asset Minor Code 28	19,000.000	18,950.22 99.7380	18,213.59	736.63 - 1,098.96	145.67	6.02
Nextera Energy Cap 6.051% 3/01/25 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 65339KBP4 Asset Minor Code 28	18,000.000	18,037.76 100.2098	18,018.18	19.58 - 31.65	181.52	6.04
Northern Tr Corp 6.125% 11/02/32 Standard & Poors Rating: A Moody's Rating: A2 665859AX2 Asset Minor Code 28	.000	.00 102.8690	.00	.00 - 1,258.80	.00	0.00
Ovintiv Inc 6.250% 7/15/33 Standard & Poors Rating: BBB- Moody's Rating: Baa3 69047QAC6 Asset Minor Code 28	18,000.000	18,143.10 100.7950	17,490.42	652.68 - 571.50	331.25	6.20
Pacific Gas Elec Co 4.950% 7/01/50 Standard & Poors Rating: BBB Moody's Rating: Baa2 694308JN8 Asset Minor Code 28	15,000.000	12,199.80 81.3320	12,974.85	- 775.05 - 703.05	247.50	6.09
Philip Morris Intl 5.250% 2/13/34 Standard & Poors Rating: A- Moody's Rating: A2 718172DJ5 Asset Minor Code 28	.000	.00 96.4650	.00	.00 - 286.66	.00	0.00

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Plains All Amer Pipe 4.300% 1/31/43 Standard & Poors Rating: BBB Moody's Rating: Baa3 72650RBC5 Asset Minor Code 28	28,000.000	21,642.32 77.2940	19,544.00	2,098.32 - 1,043.84	304.34	5.56
Ssm Health Care Corp 4.894% 6/01/28 Standard & Poors Rating: A+ Moody's Rating: N/A 784710AC9 Asset Minor Code 28	18,000.000	17,654.58 98.0810	17,646.48	8.10 - 331.38	367.05	4.99
Salesforce Com Inc 0.625% 7/15/24 Standard & Poors Rating: A+ Moody's Rating: A1 79466LAG9 Asset Minor Code 28	35,000.000	34,655.95 99.0170	33,838.00	817.95 141.75	64.41	0.63
Schwab Charles Corp 6.196% 11/17/29 Standard & Poors Rating: A- Moody's Rating: A2 808513CJ2 Asset Minor Code 28	15,000.000	15,351.75 102.3450	15,000.00	351.75 - 239.25	423.39	6.05
Southern Calif 5.875% 12/01/53 Standard & Poors Rating: A- Moody's Rating: A2 842400HX4 Asset Minor Code 28	19,000.000	18,500.87 97.3730	17,553.91	946.96 - 1,080.72	465.10	6.03
Southern Ca Gas Co 6.350% 11/15/52 Standard & Poors Rating: A+ Moody's Rating: Aa3 842434CX8 Asset Minor Code 28	18,000.000	18,918.54 105.1030	18,101.52	817.02 - 889.92	527.05	6.04
Sprint Capital Corp 8.750% 3/15/32 Standard & Poors Rating: BBB- Moody's Rating: Baa2 852060AT9 Asset Minor Code 28	10,000.000	11,807.40 118.0740	11,516.70	290.70 - 318.10	111.81	7.41

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Suncor Energy Inc 5.950% 12/01/34 Standard & Poors Rating: BBB Moody's Rating: Baa1 867229AD8 Asset Minor Code 28	18,000.000	18,169.56 100.9420	17,308.80	860.76 - 685.44	446.25	5.89
Toyota Auto Rec 1.020% 3/15/27 Standard & Poors Rating: AAA Moody's Rating: N/A 89238JAD7 Asset Minor Code 31	50,000.000	46,886.00 93.7720	45,835.94	1,050.06 - 2.50	22.67	1.09
United Airlines 4.300% 2/15/27 Standard & Poors Rating: A- Moody's Rating: N/A 909319AA3 Asset Minor Code 31	29,057.690	28,364.95 97.6160	27,632.12	732.83 - 137.45	263.78	4.41
Wells Fargo Co Mtn 5.198% 1/23/30 Standard & Poors Rating: BBB+ Moody's Rating: A1 95000U3J0 Asset Minor Code 28	15,000.000	14,707.95 98.0530	15,000.00	- 292.05 - 260.40	212.25	5.30
Westar Energy Inc 3.100% 4/01/27 Standard & Poors Rating: A Moody's Rating: A2 95709TAP5 Asset Minor Code 28	19,000.000	17,875.01 94.0790	17,681.21	193.80 - 195.51	49.08	3.30
Weyerhaeuser Co 7.375% 3/15/32 Standard & Poors Rating: BBB Moody's Rating: Baa2 962166BR4 Asset Minor Code 28	16,000.000	17,726.56 110.7910	17,236.48	490.08 - 450.56	150.78	6.66
World Omni Aut Lea 5.570% 7/17/28 Standard & Poors Rating: N/A Moody's Rating: Aaa 981944AE1 Asset Minor Code 31	100,000.000	99,064.00 99.0640	98,414.06	649.94 - 408.00	247.56	5.62

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Total Corporate Issues	1,479,397.410	1,393,178.19	1,380,545.71	12,632.48 - 31,492.29	11,743.13	4.53
Foreign Issues						
Bank Nova Scotia 0.700% 4/15/24 Standard & Poors Rating: N/R Moody's Rating: WR 0641593X2 Asset Minor Code 35	.000	.00 100.0000	.00	.00 - 708.75	.00	0.00
Mizuho Financial 2.555% 9/13/25 Standard & Poors Rating: A- Moody's Rating: A1 60687YAZ2 Asset Minor Code 35	18,000.000	17,771.04 98.7280	17,473.14	297.90 31.14	61.32	2.59
Royal Bk Cda Mtn 5.200% 8/01/28 Standard & Poors Rating: A Moody's Rating: A1 78016HZS2 Asset Minor Code 35	18,000.000	17,897.22 99.4290	17,579.88	317.34 - 282.06	234.00	5.23
Total Foreign Issues	36,000.000	35,668.26	35,053.02	615.24 - 959.67	295.32	3.91

Mutual Funds

Mutual Funds-Equity

Columbia Contrarian Core Fund 19766M709 Asset Minor Code 98	20,205.607	697,295.50 34.5100	525,064.55	172,230.95 - 23,438.50	.00	0.63
Dfa Large Cap Intl Port. 233203868 Asset Minor Code 98	17,410.154	469,377.75 26.9600	400,247.62	69,130.13 - 18,599.37	.00	3.26

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Dodge Cox International Stock Fd I 256206103 Asset Minor Code 98	3,282.792	164,205.26 50.0200	133,199.98	31,005.28 - 2,232.29	.00	2.25
Dodge Cox Stock Fund I 256219106 Asset Minor Code 98	2,114.900	527,244.57 249.3000	385,845.11	141,399.46 - 32,332.55	.00	1.46
Emerald Growth Institutional 317609253 Asset Minor Code 98	18,290.007	451,214.47 24.6700	419,281.98	31,932.49 - 23,777.01	.00	0.00
Harbor Capital Appreciaton CI R 411512528 Asset Minor Code 98	3,943.520	412,097.84 104.5000	320,731.50	91,366.34 - 21,367.40	.00	0.00
Hartford Schroders Emerging Markets 41665X859 Asset Minor Code 98	27,300.571	438,447.17 16.0600	418,720.43	19,726.74 - 4,538.04	.00	1.48
Ishares S P 500 Growth Etf 464287309 Asset Minor Code 94	4,487.000	364,523.88 81.2400	272,126.35	92,397.53 - 14,221.34	.00	0.82
Ishares S P 500 Value Etf 464287408 Asset Minor Code 94	1,505.000	269,078.95 178.7900	197,993.68	71,085.27 - 12,070.10	.00	1.69
Ishares Russell Mid Cap Etf 464287499 Asset Minor Code 94	9,101.000	724,621.62 79.6200	549,885.28	174,736.34 - 40,413.96	.00	1.34
Mfs International Growth R6 552746356 Asset Minor Code 98	3,986.457	162,328.53 40.7200	132,509.21	29,819.32 - 5,820.23	.00	1.52
Undiscovered Mgrs Behavioral Value 904504479 Asset Minor Code 98	5,655.104	457,441.36 80.8900	385,941.08	71,500.28 - 23,213.70	.00	1.79

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DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Vanguard Growth & Income Adm Shs#593 921913208 Asset Minor Code 98	13,306.605	1,294,599.60 97.2900	1,043,122.51	251,477.09 - 55,222.41	.00	1.20
Vanguard Real Estate Etf 922908553 Asset Minor Code 94	2,699.000	214,867.39 79.6100	225,558.86	- 10,691.47 - 18,015.66	.00	4.34
Total Mutual Funds-Equity	133,287.717	6,647,343.89	5,410,228.14	1,237,115.75 - 295,262.56	.00	1.35
Mutual Funds-Fixed Income						
Ishares Mbs Etf 464288588 Asset Minor Code 95	3,484.000	311,957.36 89.5400	325,546.17	- 13,588.81 - 10,033.92	.00	3.74
Total Mutual Funds-Fixed Income	3,484.000	311,957.36	325,546.17	- 13,588.81 - 10,033.92	.00	3.73
Total Mutual Funds	136,771.717	6,959,301.25	5,735,774.31	1,223,526.94 - 305,296.48	.00	1.46
Total Assets	4,646,764.887	11,182,176.10	9,956,683.63	1,225,492.47 - 415,686.95	26,677.65	2.67
Accrued Income	.000	26,677.65	26,677.65			
Grand Total	4,646,764.887	11,208,853.75	9,983,361.28			

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ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

For further information, please contact your account manager or relationship manager.

Yield on Market and Accrued Income are estimates provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.

The asset categories used in this statement may be general in nature. For example, assets listed under the "Mutual Funds" category may include open-end investment companies registered under the Investment Company Act of 1940 (which are commonly known as "mutual funds") but may also include closed-end investment companies, unit investment trusts, common trust funds, collective trust funds or other investments that are registered with (or not subject to registration with) the Securities and Exchange Commission.

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INCOME ACCRUAL DETAIL

SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
Cash And Equivalents								
403,675.910	First Am Govt Ob Fd CI X 31846V336		05/01/24	0.05	1,560.52	1,583.99	1,560.52	1,583.99

Total Cash And Equivalents					1,560.52	1,583.99	1,560.52	1,583.99
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US Government Issues

413,779.260	F H L M C #Sd8237 3132DWEJ8	4.000%	7/01/52		1,384.64	1,379.26	1,384.64	1,379.26
73,878.850	F H L M C #Sd8244 3132DWERO	4.000%	9/01/52		247.17	246.26	247.17	246.26
370,367.060	F H L M C #Sd8288 3132DWF57	5.000%	12/01/52		1,553.99	1,543.20	1,553.99	1,543.20
421,705.050	F N M A #Ma4838 31418ELU2	3.500%	11/01/52		1,234.69	1,229.97	1,234.69	1,229.97
283,189.630	F N M A #Ma4867 31418EMR8	4.500%	12/01/52		1,065.83	1,061.96	1,065.83	1,061.96
36,000.000	U S Treasury Bd 912810TR9	3.625%	5/15/53		494.75	107.56	.00	602.31
30,000.000	U S Treasury Bd 912810TS7	3.875%	5/15/43		440.73	95.81	.00	536.54
43,000.000	U S Treasury Bd 912810TT5	4.125%	8/15/53		224.16	146.18	.00	370.34
230,000.000	U S Treasury Bd 912810TU2	4.500%	8/15/43		1,307.97	853.02	.00	2,160.99
26,000.000	U S Treasury Bd 912810TV0	5.000%	11/15/53		.00	95.25	- 504.75	600.00
20,000.000	U S Treasury Bd 912810TZ1	4.500%	2/15/44		85.71	80.36	.00	166.07

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INCOME ACCRUAL DETAIL (continued)									
SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL		INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
280,000.000	U S Treasury Nt 91282CJE2	5.000%	10/31/25		5,884.62		1,153.42	7,000.00	38.04
45,000.000	U S Treasury Nt 91282CJJ1	4.500%	11/15/33		2,431.11		272.60	1,769.09	934.62
90,000.000	U S Treasury Nt 91282CJW2	4.000%	1/31/29		904.95		365.93	370.88	900.00
114,000.000	U S Treasury Nt 91282CJZ5	4.000%	2/15/34		379.12		379.99	- 192.98	952.09
4,000.000	U S Treasury Nt 91282CKD2	4.250%	2/28/29		14.78		13.86	.00	28.64
80,000.000	U S Treasury Nt 91282CKH3	4.500%	3/31/26		.00		88.53	- 216.39	304.92
Total US Government Issues					17,654.22		9,113.16	13,712.17	13,055.21
Corporate Issues									
30,000.000	At T Inc 00206RMM1	2.550%	12/01/33		255.00		63.75	.00	318.75
.000	Abbvie Inc 00287YDT3	4.950%	3/15/31		.00		41.25	- 137.50	178.75
18,000.000	American Honda Mtn 02665WEM9	5.125%	7/07/28		215.25		76.88	.00	292.13
15,000.000	American Honda Mtn 02665WEZ0	4.900%	1/10/34		165.38		61.25	.00	226.63
13,000.000	Amgen Inc 031162DT4	5.650%	3/02/53		59.17		61.21	.00	120.38
.000	Aztrazeneca LLC 04636NAN3	5.000%	2/26/34		72.92		62.50	.00	135.42
100,000.000	Bmw Veh Owner Tr 05602RAE1	3.440%	12/26/28		57.33		286.67	286.67	57.33

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INCOME ACCRUAL DETAIL (continued)

SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
20,000.000	Bank Of America Mtn 06051GHV4	3.194%	7/23/30		120.66	53.24	.00	173.90
.000	Bank Of Ny Mtn 06406RAS6	0.500%	4/26/24		75.35	12.15	87.50	.00
24,000.000	Berkshire Hathaway 084664DB4	3.850%	3/15/52		41.07	77.00	.00	118.07
35,000.000	Black Hills Corp 092113AU3	1.037%	8/23/24		38.31	30.25	.00	68.56
15,000.000	Blackrock Funding 09290DAC5	5.250%	3/14/54		37.19	65.62	.00	102.81
5,000.000	Bristol Myers 110122EH7	5.200%	2/22/34		28.17	21.66	.00	49.83
15,000.000	Cna Fnl Corp 126117AY6	5.125%	2/15/34		111.04	64.06	.00	175.10
5,000.000	Cvs Caremark 126650BR0	6.125%	9/15/39		13.61	25.52	.00	39.13
17,000.000	Cvs Health Corp 126650CZ1	5.050%	3/25/48		14.31	71.54	.00	85.85
15,000.000	Cisco Sys Inc 17275RBU5	5.300%	2/26/54		77.29	66.25	.00	143.54
20,000.000	Citigroup Inc Sub 17327CAR4	6.174%	5/25/34		432.18	102.90	.00	535.08
20,000.000	Citizens Financial 174610BG9	6.645%	4/25/35		.00	22.15	.00	22.15
20,000.000	Commonwealth Edison 202795HG8	5.875%	2/01/33		195.83	97.92	.00	293.75
11,000.000	Consolidated Edison 209111EQ2	5.700%	12/01/36		209.00	52.25	.00	261.25

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INCOME ACCRUAL DETAIL (continued)								
SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
15,000.000	Cummins Inc Sr 231021AX4	5.450%	2/20/54		93.10	68.13	.00	161.23
15,000.000	Dte Elec Co 23338VAV8	5.200%	3/01/34		69.33	65.00	.00	134.33
10,000.000	Daimler Trucks 233874AC0	5.770%	12/15/27		.00	11.22	.00	11.22
10,000.000	Dell Intl LLC 24703DBN0	5.400%	4/15/34		19.50	45.00	.00	64.50
32,135.960	Delta Air Lines 247361ZW1	5.000%	12/10/29		93.73	133.90	.00	227.63
20,000.000	Duke Energy 26442EAL4	5.550%	3/15/54		52.42	92.50	.00	144.92
29,000.000	Electronic Arts Inc 285512AF6	2.950%	2/15/51		109.31	71.30	.00	180.61
15,000.000	Energy Transfer L P 29273VAW0	5.950%	5/15/54		163.63	74.37	.00	238.00
21,000.000	Entergy LLC 29366WAD8	5.000%	9/01/33		87.50	87.50	.00	175.00
29,000.000	Essential Utils Inc 29670GAE2	3.351%	4/15/50		448.10	80.99	485.90	43.19
13,000.000	Extra Space Storage 30225VAJ6	5.700%	4/01/28		370.50	61.75	370.50	61.75
38,203.760	Fedex 2020 1 Class 314353AA1	1.875%	2/20/34		55.54	48.26	- 37.47	141.27
40,000.000	First Natl Mstr 32113CBV1	8.24026%	4/16/29		146.49	171.00	171.00	146.49
45,000.000	Ford Cr Auto Owner 345295AF6	5.980%	6/15/28		119.60	224.25	224.25	119.60

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INCOME ACCRUAL DETAIL (continued)

SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
75,000.000	Ford Cr Aut Own Tr 34532NAD7	0.490%	9/15/26		16.33	30.62	30.62	16.33
30,000.000	Gm Fin Atmbl Lease 362541AE4	5.160%	1/20/27		47.30	129.00	129.00	47.30
22,000.000	Goldman Sachs 38141GYM0	1.948%	10/21/27		190.47	35.71	214.28	11.90
35,000.000	Hormel Foods Corp 440452AG5	0.650%	6/03/24		74.57	18.96	.00	93.53
15,000.000	Hyundai Auto Recv 44933FAF3	1.600%	12/15/26		10.67	20.00	20.00	10.67
19,000.000	Idaho Pwr Co 45138LBJ1	5.800%	4/01/54		612.22	91.83	612.22	91.83
.000	Warnermedia Hldgs 55903VBE2	5.141%	3/15/52		34.27	59.98	94.25	.00
15,000.000	Marsh McLennan 571748BX9	5.450%	3/15/54		93.10	68.13	.00	161.23
16,000.000	Mattel Inc 577081AW2	5.450%	11/01/41		363.33	72.67	.00	436.00
25,000.000	Morgan Stanley 61747YFH3	6.407%	11/01/29		.00	66.74	- 734.14	800.88
22,000.000	Motorola Solutions 620076BU2	2.750%	5/24/31		213.43	50.42	.00	263.85
19,000.000	Nevada Power Co 641423CG1	6.000%	3/15/54		50.67	95.00	.00	145.67
18,000.000	Nextera Energy Cap 65339KBP4	6.051%	3/01/25		90.76	90.76	.00	181.52
.000	Northern Tr Corp 665859AX2	6.125%	11/02/32		507.01	27.23	534.24	.00

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SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
18,000.000	Ovintiv Inc 6.250% 7/15/33 69047QAC6				237.50	93.75	.00	331.25
15,000.000	Pacific Gas Elec Co 4.950% 7/01/50 694308JN8				185.63	61.87	.00	247.50
.000	Philip Morris Intl 5.250% 2/13/34 718172DJ5				154.00	25.67	179.67	.00
28,000.000	Plains All Amer Pipe 4.300% 1/31/43 72650RBC5				204.01	100.33	.00	304.34
.000	Public Service Co 5.250% 4/01/53 744448CY5				525.00	.00	525.00	.00
18,000.000	Ssm Health Care Corp 4.894% 6/01/28 784710AC9				293.64	73.41	.00	367.05
35,000.000	Salesforce Com Inc 0.625% 7/15/24 79466LAG9				46.18	18.23	.00	64.41
15,000.000	Schwab Charles Corp 6.196% 11/17/29 808513CJ2				345.94	77.45	.00	423.39
19,000.000	Southern Calif 5.875% 12/01/53 842400HX4				372.08	93.02	.00	465.10
18,000.000	Southern Ca Gas Co 6.350% 11/15/52 842434CX8				431.80	95.25	.00	527.05
10,000.000	Sprint Capital Corp 8.750% 3/15/32 852060AT9				38.89	72.92	.00	111.81
18,000.000	Suncor Energy Inc 5.950% 12/01/34 867229AD8				357.00	89.25	.00	446.25
50,000.000	Toyota Auto Rec 1.020% 3/15/27 89238JAD7				22.67	42.50	42.50	22.67
29,057.690	United Airlines 4.300% 2/15/27 909319AA3				159.66	104.12	.00	263.78

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INCOME ACCRUAL DETAIL (continued)

SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
15,000.000	Wells Fargo Co Mtn 95000U3J0	5.198%	1/23/30		147.28	64.97	.00	212.25
19,000.000	Westar Energy Inc 95709TAP5	3.100%	4/01/27		294.50	49.08	294.50	49.08
16,000.000	Weyerhaeuser Co 962166BR4	7.375%	3/15/32		52.44	98.34	.00	150.78
100,000.000	World Omni Aut Lea 981944AE1	5.570%	7/17/28		247.56	420.00	420.00	247.56
Total Corporate Issues					10,467.72	5,088.40	3,812.99	11,743.13
Foreign Issues								
.000	Bank Nova Scotia 0641593X2	0.700%	4/15/24		112.97	9.53	122.50	.00
18,000.000	Mizuho Financial 60687YAZ2	2.555%	9/13/25		23.00	38.32	.00	61.32
18,000.000	Royal Bk Cda Mtn 78016HZS2	5.200%	8/01/28		156.00	78.00	.00	234.00
Total Foreign Issues					291.97	125.85	122.50	295.32
Mutual Funds-Equity								
17,410.154	Dfa Large Cap Intl Port. 233203868		03/27/24	0.88	.00	1,258.01	1,258.01	.00
Total Mutual Funds-Equity					.00	1,258.01	1,258.01	.00
Mutual Funds-Fixed Income								
3,484.000	Ishares Mbs Etf 464288588		04/01/24	3.35	.00	985.03	985.03	.00
Total Mutual Funds-Fixed Income					.00	985.03	985.03	.00

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INCOME ACCRUAL DETAIL (continued)								
SHARES/ FACE AMOUNT	DESCRIPTION	EX DATE	PAY DATE	ANN RATE	BEGINNING ACCRUAL	INCOME EARNED	INCOME RECEIVED	ENDING ACCRUAL
Grand Total					29,974.43	18,154.44	21,451.22	26,677.65

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INVESTMENT ACTIVITY		
DATE	DESCRIPTION	CASH
Interest		
Abbvie Inc 4.950% 3/15/31 00287Ydt3		
04/16/2024	Paid Accrued Interest On Purchase Of Abbvie Inc 4.950% 3/15/31 Income Debit 137.50- USD	- 137.50
Bank Nova Scotia 0.700% 4/15/24 0641593X2		
04/15/2024	Bank Nova Scotia 0.700% 4/15/24 0.0035 USD/\$1 Pv On 35,000 Par Value Due 4/15/24	122.50
Bank Of Ny Mtn 0.500% 4/26/24 06406Ras6		
04/26/2024	Bank Of Ny Mtn 0.500% 4/26/24 0.0025 USD/\$1 Pv On 35,000 Par Value Due 4/26/24 Interest On 4/26/24 Maturity	87.50
Bmw Veh Owner Tr 3.440% 12/26/28 05602Rae1		
04/25/2024	Bmw Veh Owner Tr 3.440% 12/26/28 \$0.00287/Pv On 100,000.00 Pv Due 4/25/24	286.67
Essential Utils Inc 3.351% 4/15/50 29670Gae2		
04/15/2024	Essential Utils Inc 3.351% 4/15/50 0.016755 USD/\$1 Pv On 29,000 Par Value Due 4/15/24	485.90
Extra Space Storage 5.700% 4/01/28 30225Vaj6		
04/01/2024	Extra Space Storage 5.700% 4/01/28 0.0285 USD/\$1 Pv On 13,000 Par Value Due 4/1/24	370.50
F H L M C #Sd8237 4.000% 7/01/52 3132Dwej8		

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INVESTMENT ACTIVITY (continued)		
DATE	DESCRIPTION	CASH
04/25/2024	F H L M C #Sd8237 4.000% 7/01/52 March FHLMC Due 4/25/24	1,384.64
F H L M C #Sd8244 4.000% 9/01/52 3132Dwer0		
04/25/2024	F H L M C #Sd8244 4.000% 9/01/52 P & I Due 04/25/24	247.17
F H L M C #Sd8288 5.000% 12/01/52 3132Dwf57		
04/25/2024	F H L M C #Sd8288 5.000% 12/01/52 March FHLMC Due 4/25/24	1,553.99
F N M A #Ma4838 3.500% 11/01/52 31418Elu2		
04/25/2024	F N M A #Ma4838 3.500% 11/01/52 March FNMA Due 4/25/24	1,234.69
F N M A #Ma4867 4.500% 12/01/52 31418Emr8		
04/25/2024	F N M A #Ma4867 4.500% 12/01/52 P & I Due 04/25/24	1,065.83
Fedex 2020 1 Class 1.875% 2/20/34 314353AA1		
04/19/2024	Paid Accrued Interest On Purchase Of Fedex 2020 1 Class 1.875% 2/20/34 Income Debit 37.47- USD	- 37.47
First Am Govt Ob Fd Cl X 31846V336		
04/01/2024	Interest From 3/1/24 To 3/31/24	1,560.52
First Natl Mstr 8.24026% 4/16/29 32113Cbv1		
04/15/2024	First Natl Mstr 8.24026% 4/16/29 \$0.00427/Pv On 40,000.00 Pv Due 4/15/24	171.00

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INVESTMENT ACTIVITY (continued)		
DATE	DESCRIPTION	CASH
Ford Cr Aut Own Tr 0.490% 9/15/26 34532Nad7		
04/15/2024	Ford Cr Aut Own Tr 0.490% 9/15/26 \$0.00041/Pv On 75,000.00 Pv Due 4/15/24	30.62
Ford Cr Auto Owner 5.980% 6/15/28 345295Af6		
04/15/2024	Ford Cr Auto Owner 5.980% 6/15/28 \$0.00498/Pv On 45,000.00 Pv Due 4/15/24	224.25
Gm Fin Atmbl Lease 5.160% 1/20/27 362541Ae4		
04/22/2024	Gm Fin Atmbl Lease 5.160% 1/20/27 \$0.00430/Pv On 30,000.00 Pv Due 4/20/24	129.00
Goldman Sachs 1.948% 10/21/27 38141Gym0		
04/22/2024	Goldman Sachs 1.948% 10/21/27 0.00974 USD/\$1 Pv On 22,000 Par Value Due 4/21/24	214.28
Hyundai Auto Recv 1.600% 12/15/26 44933Faf3		
04/15/2024	Hyundai Auto Recv 1.600% 12/15/26 \$0.00133/Pv On 15,000.00 Pv Due 4/15/24	20.00
Idaho Pwr Co 5.800% 4/01/54 45138Lbj1		
04/01/2024	Idaho Pwr Co 5.800% 4/01/54 0.032222 USD/\$1 Pv On 19,000 Par Value Due 4/1/24	612.22
Morgan Stanley 6.407% 11/01/29 61747Yfh3		
04/16/2024	Paid Accrued Interest On Purchase Of Morgan Stanley 6.407% 11/01/29 Income Debit 734.14- USD	- 734.14

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INVESTMENT ACTIVITY (continued)		
DATE	DESCRIPTION	CASH
Northern Tr Corp 6.125% 11/02/32 665859Ax2		
04/09/2024	Received Accrued Interest On Sale Of Northern Tr Corp 6.125% 11/02/32 Income Credit 534.24 USD	534.24
Philip Morris Intl 5.250% 2/13/34 718172Dj5		
04/09/2024	Received Accrued Interest On Sale Of Philip Morris Intl 5.250% 2/13/34 Income Credit 179.67 USD	179.67
Public Service Co 5.250% 4/01/53 744448Cy5		
04/01/2024	Public Service Co 5.250% 4/01/53 0.02625 USD/\$1 Pv On 20,000 Par Value Due 4/1/24	525.00
Toyota Auto Rec 1.020% 3/15/27 89238Jad7		
04/15/2024	Toyota Auto Rec 1.020% 3/15/27 \$0.00085/Pv On 50,000.00 Pv Due 4/15/24	42.50
U S Treasury Bd 5.000% 11/15/53 912810Tv0		
04/01/2024	Paid Accrued Interest On Purchase Of U S Treasury Bd 5.000% 11/15/53 Income Debit 288.13- USD	- 288.13
04/29/2024	Paid Accrued Interest On Purchase Of U S Treasury Bd 5.000% 11/15/53 Income Debit 216.62- USD	- 216.62
Total U S Treasury Bd 5.000% 11/15/53		- 504.75
U S Treasury Nt 4.000% 1/31/29 91282Cjw2		

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INVESTMENT ACTIVITY (continued)		
DATE	DESCRIPTION	CASH
04/15/2024	Received Accrued Interest On Sale Of U S Treasury Nt 4.000% 1/31/29 Income Credit 164.84 USD	164.84
04/15/2024	Received Accrued Interest On Sale Of U S Treasury Nt 4.000% 1/31/29 Income Credit 206.04 USD	206.04
Total U S Treasury Nt 4.000% 1/31/29		370.88
U S Treasury Nt 4.000% 2/15/34 91282Cjz5		
04/01/2024	Paid Accrued Interest On Purchase Of U S Treasury Nt 4.000% 2/15/34 Income Debit 101.10- USD	- 101.10
04/09/2024	Paid Accrued Interest On Purchase Of U S Treasury Nt 4.000% 2/15/34 Income Debit 124.62- USD	- 124.62
04/09/2024	Paid Accrued Interest On Purchase Of U S Treasury Nt 4.000% 2/15/34 Income Debit 100.88- USD	- 100.88
04/19/2024	Received Accrued Interest On Sale Of U S Treasury Nt 4.000% 2/15/34 Income Credit 35.16 USD	35.16
04/19/2024	Received Accrued Interest On Sale Of U S Treasury Nt 4.000% 2/15/34 Income Credit 98.46 USD	98.46
Total U S Treasury Nt 4.000% 2/15/34		- 192.98
U S Treasury Nt 4.500% 3/31/26 91282Ckh3		
04/22/2024	Paid Accrued Interest On Purchase Of U S Treasury Nt 4.500% 3/31/26 Income Debit 216.39- USD	- 216.39

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DATE	DESCRIPTION	CASH
U S Treasury Nt 4.500% 11/15/33 91282Cjj1		
04/22/2024	Received Accrued Interest On Sale Of U S Treasury Nt 4.500% 11/15/33 Income Credit 1,769.09 USD	1,769.09
U S Treasury Nt 5.000% 10/31/25 91282Cje2		
04/30/2024	U S Treasury Nt 5.000% 10/31/25 0.025 USD/\$1 Pv On 280,000 Par Value Due 4/30/24	7,000.00
Warnermedia Hldgs 5.141% 3/15/52 55903Vbe2		
04/29/2024	Received Accrued Interest On Sale Of Warnermedia Hldgs 5.141% 3/15/52 Income Credit 94.25 USD	94.25
Westar Energy Inc 3.100% 4/01/27 95709Tap5		
04/01/2024	Westar Energy Inc 3.100% 4/01/27 0.0155 USD/\$1 Pv On 19,000 Par Value Due 4/1/24	294.50
World Omni Aut Lea 5.570% 7/17/28 981944Ae1		
04/15/2024	World Omni Aut Lea 5.570% 7/17/28 \$0.00420/Pv On 100,000.00 Pv Due 4/15/24	420.00
Total Interest		19,208.18
Dividends		
Dfa Large Cap Intl Port. 233203868		
04/01/2024	0.06884 USD/Share On 18,274.396 Shares Due 3/28/24 Dividend Payable 03/28/24	1,258.01

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INVESTMENT ACTIVITY (continued)		
DATE	DESCRIPTION	CASH
Ishares Mbs Etf 464288588		
04/05/2024	0.282729 USD/Share On 3,484 Shares Due 4/5/24	985.03
Total Dividends		2,243.04
Other Earnings		
Interest-Bank Compensation		
04/26/2024	Income Payments Interest Earned On Income Payments	.73
Total Other Earnings		.73

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PLAN EXPENSES		
DATE	DESCRIPTION	CASH
Trust Fees		
Trust Fees		
04/26/2024	Collected Charged For Period 03/01/2024 Thru 03/31/2024	- 1,888.14
Total Trust Fees		- 1,888.14
Total Trust Fees		- 1,888.14
Total Plan Expenses		- 1,888.14

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OTHER ACTIVITY		
DATE	DESCRIPTION	CASH
Transfers To Checking Account		
ACH Transfer To Checking		
04/29/2024	Paid To Jp Morgan Chase DDA Xxxxxx9737 Pars Admin Fee, Per Dir Dtd 04/26/24	- 1,657.33
Total ACH Transfer To Checking		- 1,657.33
Total Transfers To Checking Account		- 1,657.33
Total Other Activity		- 1,657.33

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PURCHASES

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
Cash And Equivalents					
04/01/2024	Purchased 525 Units Of First Am Govt Ob Fd CI X Trade Date 4/1/24 31846V336	525.000	.00	- 525.00	525.00
04/02/2024	Purchased 2,818.53 Units Of First Am Govt Ob Fd CI X Trade Date 4/2/24 31846V336	2,818.530	.00	- 2,818.53	2,818.53
04/05/2024	Purchased 985.03 Units Of First Am Govt Ob Fd CI X Trade Date 4/5/24 31846V336	985.030	.00	- 985.03	985.03
04/09/2024	Purchased 6,116.49 Units Of First Am Govt Ob Fd CI X Trade Date 4/9/24 31846V336	6,116.490	.00	- 6,116.49	6,116.49
04/10/2024	Purchased 31,000 Units Of First Am Govt Ob Fd CI X Trade Date 4/10/24 31846V336	31,000.000	.00	- 31,000.00	31,000.00
04/12/2024	Purchased 612.22 Units Of First Am Govt Ob Fd CI X Trade Date 4/12/24 31846V336	612.220	.00	- 612.22	612.22
04/15/2024	Purchased 80,839.21 Units Of First Am Govt Ob Fd CI X Trade Date 4/15/24 31846V336	80,839.210	.00	- 80,839.21	80,839.21

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PURCHASES (continued)

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
04/19/2024	Purchased 8,253.59 Units Of First Am Govt Ob Fd CI X Trade Date 4/19/24 31846V336	8,253.590	.00	- 8,253.59	8,253.59
04/22/2024	Purchased 11,772.15 Units Of First Am Govt Ob Fd CI X Trade Date 4/22/24 31846V336	11,772.150	.00	- 11,772.15	11,772.15
04/25/2024	Purchased 2,615.34 Units Of First Am Govt Ob Fd CI X Trade Date 4/25/24 31846V336	2,615.340	.00	- 2,615.34	2,615.34
04/26/2024	Purchased 33,111.86 Units Of First Am Govt Ob Fd CI X Trade Date 4/26/24 31846V336	33,111.860	.00	- 33,111.86	33,111.86
04/26/2024	Purchased 87.5 Units Of First Am Govt Ob Fd CI X Trade Date 4/26/24 31846V336	87.500	.00	- 87.50	87.50
04/29/2024	Purchased 1,483.08 Units Of First Am Govt Ob Fd CI X Trade Date 4/29/24 31846V336	1,483.080	.00	- 1,483.08	1,483.08
04/30/2024	Purchased 7,000 Units Of First Am Govt Ob Fd CI X Trade Date 4/30/24 31846V336	7,000.000	.00	- 7,000.00	7,000.00

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
Total First Am Govt Ob Fd Cl X		187,220.000	.00	- 187,220.00	187,220.00
Total Cash And Equivalents		187,220.000	.00	- 187,220.00	187,220.00
US Government Issues					
04/30/2024	Purchased 30,000 Par Value Of F H L M C Mltcl Mtg 5.180% 3/25/29 Trade Date 4/30/24 Purchased Through Wells Fargo Securities, LLC Swift External Ref#: 8412103223602344 30,000 Par Value At 100.10936667 % 3137HCKV3	30,000.000	.00	- 30,032.81	30,032.81
Total F H L M C Mltcl Mtg 5.180% 3/25/29		30,000.000	.00	- 30,032.81	30,032.81
04/25/2024	Purchased 10,000 Par Value Of U S Treasury Bd 5.000% 11/15/53 Trade Date 4/25/24 Purchased Through Bnp Paribas Sec Corp Swift External Ref#: 8411603223568996 10,000 Par Value At 99.0313 % 912810TV0	10,000.000	.00	- 9,903.13	9,903.13
Total U S Treasury Bd 5.000% 11/15/53		10,000.000	.00	- 9,903.13	9,903.13
04/05/2024	Purchased 21,000 Par Value Of U S Treasury Nt 4.000% 2/15/34 Trade Date 4/5/24 Purchased Through Rbc Capital Markets, LLC Swift External Ref#: 8409603223460900 21,000 Par Value At 97.0937619 % 91282CJZ5	21,000.000	.00	- 20,389.69	20,389.69

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
04/05/2024	Purchased 17,000 Par Value Of U S Treasury Nt 4.000% 2/15/34 Trade Date 4/5/24 Purchased Through Pershing LLC Swift External Ref#: 8409603223461701 17,000 Par Value At 97.06252941 % 91282CJZ5	17,000.000	.00	- 16,500.63	16,500.63
Total U S Treasury Nt 4.000% 2/15/34		38,000.000	.00	- 36,890.32	36,890.32
04/19/2024	Purchased 80,000 Par Value Of U S Treasury Nt 4.500% 3/31/26 Trade Date 4/19/24 Purchased Through Bmo Capital Markets Corp/Bonds Swift External Ref#: 8411003223537910 80,000 Par Value At 99.1484375 % 91282CKH3	80,000.000	.00	- 79,318.75	79,318.75
Total U S Treasury Nt 4.500% 3/31/26		80,000.000	.00	- 79,318.75	79,318.75
Total Government Issues		158,000.000	.00	- 156,145.01	156,145.01
Corporate Issues					
04/30/2024	Purchased 15,000 Par Value Of Abbvie Inc 4.250% 11/21/49 Trade Date 4/30/24 Purchased Through Stifel, Nicolaus & Co., Inc. Swift External Ref#: 8412103223600592 15,000 Par Value At 82.026 % 00287YCB3	15,000.000	.00	- 12,303.90	12,303.90
Total Abbvie Inc 4.250% 11/21/49		15,000.000	.00	- 12,303.90	12,303.90

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
04/12/2024	Purchased 20,000 Par Value Of Abbvie Inc 4.950% 3/15/31 Trade Date 4/12/24 Purchased Through J.P. Morgan Securities LLC Swift External Ref#: 8410303223493045 20,000 Par Value At 99.034 % 00287YDT3	20,000.000	.00	- 19,806.80	19,806.80
Total Abbvie Inc 4.950% 3/15/31		20,000.000	.00	- 19,806.80	19,806.80
04/18/2024	Purchased 5,000 Par Value Of Citizens Financial 6.645% 4/25/35 Trade Date 4/18/24 Purchased Through Stifel, Nicolaus & Co.,Inc. Swift External Ref#: 8410903223534346 5,000 Par Value At 100.355 % 174610BG9	5,000.000	.00	- 5,017.75	5,017.75
04/18/2024	Purchased 15,000 Par Value Of Citizens Financial 6.645% 4/25/35 Trade Date 4/18/24 Purchased Through Morgan Stanley & Co. LLC Swift External Ref#: 8410903223534483 15,000 Par Value At 100 % 174610BG9	15,000.000	.00	- 15,000.00	15,000.00
Total Citizens Financial 6.645% 4/25/35		20,000.000	.00	- 20,017.75	20,017.75
04/15/2024	Purchased 10,000 Par Value Of Daimler Trucks 5.770% 12/15/27 Trade Date 4/15/24 Purchased Through J.P. Morgan Securities LLC Swift External Ref#: 8410703223504074 10,000 Par Value At 99.9911 % 233874AC0	10,000.000	.00	- 9,999.11	9,999.11
Total Daimler Trucks 5.770% 12/15/27		10,000.000	.00	- 9,999.11	9,999.11

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
04/17/2024	Purchased 12,192.69 Par Value Of Fedex 2020 1 Class 1.875% 2/20/34 Trade Date 4/17/24 Purchased Through Baird, Robert W., & Company In Swift External Ref#: 8410803223530023 12,192.69 Par Value At 81.07497197 % 314353AA1	12,192.690	.00	- 9,885.22	9,885.22
Total Fedex 2020 1 Class 1.875% 2/20/34		12,192.690	.00	- 9,885.22	9,885.22
04/12/2024	Purchased 25,000 Par Value Of Morgan Stanley 6.407% 11/01/29 Trade Date 4/12/24 Purchased Through Goldman Sachs & Co. LLC Swift External Ref#: 8410303223493674 25,000 Par Value At 103.376 % 61747YFH3	25,000.000	.00	- 25,844.00	25,844.00
Total Morgan Stanley 6.407% 11/01/29		25,000.000	.00	- 25,844.00	25,844.00
Total Corporate Issues		102,192.690	.00	- 97,856.78	97,856.78
Mutual Funds-Equity					
04/09/2024	Purchased 613.834 Shares Of Harbor Capital Appreciaton CI R Trade Date 4/9/24 613.834 Shares At 109.15 USD 411512528	613.834	.00	- 67,000.00	67,000.00
Total Harbor Capital Appreciaton CI R		613.834	.00	- 67,000.00	67,000.00

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
04/09/2024	Purchased 241 Shares Of Ishares Russell Mid Cap Etf Trade Date 4/9/24 Purchased Through BofA Securities, Inc. Swift External Ref#: 8410003223476295 241 Shares At 82.97 USD 464287499	241.000	2.41	- 19,998.18	19,998.18
Total Ishares Russell Mid Cap Etf		241.000	2.41	- 19,998.18	19,998.18
04/09/2024	Purchased 178 Shares Of Ishares S P 500 Growth Etf Trade Date 4/9/24 Purchased Through BofA Securities, Inc. Swift External Ref#: 8410003223476307 178 Shares At 83.66 USD 464287309	178.000	1.78	- 14,893.26	14,893.26
Total Ishares S P 500 Growth Etf		178.000	1.78	- 14,893.26	14,893.26
04/09/2024	Purchased 178.742 Shares Of Undiscovered Mgrs Behavioral Value Trade Date 4/9/24 178.742 Shares At 83.92 USD 904504479	178.742	.00	- 15,000.00	15,000.00
Total Undiscovered Mgrs Behavioral Value		178.742	.00	- 15,000.00	15,000.00
04/09/2024	Purchased 483 Shares Of Vanguard Real Estate Etf Trade Date 4/9/24 Purchased Through Barclays Capital Inc./Le Swift External Ref#: 8410003223476301 483 Shares At 85.37 USD 922908553	483.000	9.66	- 41,243.37	41,243.37

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PURCHASES (continued)					
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	CASH	BOOK VALUE
Total Vanguard Real Estate Etf		483.000	9.66	- 41,243.37	41,243.37
Total Mutual Funds-Equity		1,694.576	13.85	- 158,134.81	158,134.81
Total Purchases		449,107.266	13.85	- 599,356.60	599,356.60

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SALES AND MATURITIES

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
Cash And Equivalents						
04/01/2024	Sold 16,971.54 Units Of First Am Govt Ob Fd CI X Trade Date 4/1/24 31846V336	- 16,971.540	.00	16,971.54	- 16,971.54	.00
04/11/2024	Sold 76,134.81 Units Of First Am Govt Ob Fd CI X Trade Date 4/11/24 31846V336	- 76,134.810	.00	76,134.81	- 76,134.81	.00
04/15/2024	Sold 612.22 Units Of First Am Govt Ob Fd CI X Trade Date 4/15/24 31846V336	- 612.220	.00	612.22	- 612.22	.00
04/16/2024	Sold 46,522.44 Units Of First Am Govt Ob Fd CI X Trade Date 4/16/24 31846V336	- 46,522.440	.00	46,522.44	- 46,522.44	.00
04/24/2024	Sold 9,999.11 Units Of First Am Govt Ob Fd CI X Trade Date 4/24/24 31846V336	- 9,999.110	.00	9,999.11	- 9,999.11	.00
04/25/2024	Sold 9,735.72 Units Of First Am Govt Ob Fd CI X Trade Date 4/25/24 31846V336	- 9,735.720	.00	9,735.72	- 9,735.72	.00
04/29/2024	Sold 1,657.33 Units Of First Am Govt Ob Fd CI X Trade Date 4/29/24 31846V336	- 1,657.330	.00	1,657.33	- 1,657.33	.00

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SALES AND MATURITIES (continued)

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
Total First Am Govt Ob Fd Cl X		- 161,633.170	.00	161,633.17	- 161,633.17	.00
Total Cash And Equivalents		- 161,633.170	.00	161,633.17	- 161,633.17	.00
US Government Issues						
04/25/2024	Paid Down 1,613.93 Par Value Of F H L M C #Sd8237 4.000% 7/01/52 For Record Date Of March Due 4/25/24 March FHLMC Due 4/25/24 3132DWEJ8	- 1,613.930	.00	1,613.93	- 1,434.63	179.30
Total F H L M C #Sd8237 4.000% 7/01/52		- 1,613.930	.00	1,613.93	- 1,434.63	179.30
04/25/2024	Paid Down 271.07 Par Value Of F H L M C #Sd8244 4.000% 9/01/52 P & I Due 04/25/24 3132DWERO	- 271.070	.00	271.07	- 254.26	16.81
Total F H L M C #Sd8244 4.000% 9/01/52		- 271.070	.00	271.07	- 254.26	16.81
04/25/2024	Paid Down 2,591.07 Par Value Of F H L M C #Sd8288 5.000% 12/01/52 For Record Date Of March Due 4/25/24 March FHLMC Due 4/25/24 3132DWF57	- 2,591.070	.00	2,591.07	- 2,449.37	141.70
Total F H L M C #Sd8288 5.000% 12/01/52		- 2,591.070	.00	2,591.07	- 2,449.37	141.70
04/25/2024	Paid Down 1,617.04 Par Value Of F N M A #Ma4838 3.500% 11/01/52 For Record Date Of March Due 4/25/24 March FNMA Due 4/25/24 31418ELU2	- 1,617.040	.00	1,617.04	- 1,385.60	231.44

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SALES AND MATURITIES (continued)						
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
Total F N M A #Ma4838 3.500% 11/01/52		- 1,617.040	.00	1,617.04	- 1,385.60	231.44
04/25/2024	Paid Down 1,031.27 Par Value Of F N M A #Ma4867 4.500% 12/01/52 P & I Due 04/25/24 31418EMR8	- 1,031.270	.00	1,031.27	- 946.67	84.60
Total F N M A #Ma4867 4.500% 12/01/52		- 1,031.270	.00	1,031.27	- 946.67	84.60
04/12/2024	Sold 20,000 Par Value Of U S Treasury Nt 4.000% 1/31/29 Trade Date 4/12/24 Sold Through Rbc Capital Markets, LLC Swift External Ref#: 8410303223493140 20,000 Par Value At 97.72655 % 91282CJW2	- 20,000.000	.00	19,545.31	- 19,713.72	- 168.41
04/12/2024	Sold 25,000 Par Value Of U S Treasury Nt 4.000% 1/31/29 Trade Date 4/12/24 Sold Through J.P. Morgan Securities LLC Swift External Ref#: 8410303223493738 25,000 Par Value At 97.625 % 91282CJW2	- 25,000.000	.00	24,406.25	- 24,642.14	- 235.89
Total U S Treasury Nt 4.000% 1/31/29		- 45,000.000	.00	43,951.56	- 44,355.86	- 404.30
04/18/2024	Sold 5,000 Par Value Of U S Treasury Nt 4.000% 2/15/34 Trade Date 4/18/24 Sold Through Stifel, Nicolaus & Co., Inc. Swift External Ref#: 8410903223534384 5,000 Par Value At 94.9844 % 91282CJZ5	- 5,000.000	.00	4,749.22	- 4,907.68	- 158.46

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SALES AND MATURITIES (continued)						
DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
04/18/2024	Sold 14,000 Par Value Of U S Treasury Nt 4.000% 2/15/34 Trade Date 4/18/24 Sold Through Morgan Stanley & Co. LLC Swift External Ref#: 8410903223534521 14,000 Par Value At 94.95314286 % 91282CJZ5	- 14,000.000	.00	13,293.44	- 13,741.52	- 448.08
Total U S Treasury Nt 4.000% 2/15/34		- 19,000.000	.00	18,042.66	- 18,649.20	- 606.54
04/19/2024	Sold 90,000 Par Value Of U S Treasury Nt 4.500% 11/15/33 Trade Date 4/19/24 Sold Through J.P. Morgan Securities LLC Swift External Ref#: 8411003223537858 90,000 Par Value At 99.10546667 % 91282CJJ1	- 90,000.000	.00	89,194.92	- 92,951.92	- 3,757.00
Total U S Treasury Nt 4.500% 11/15/33		- 90,000.000	.00	89,194.92	- 92,951.92	- 3,757.00
Total Government Issues		- 161,124.380	.00	158,313.52	- 162,427.51	- 4,113.99
Corporate Issues						
04/30/2024	Sold 20,000 Par Value Of Abbvie Inc 4.950% 3/15/31 Trade Date 4/30/24 Sold Through BofA Securities, Inc./Fxd Inc Swift External Ref#: 8412103223602076 20,000 Par Value At 98.198 % 00287YDT3	- 20,000.000	.00	19,639.60	- 19,806.80	- 167.20
Total Abbvie Inc 4.950% 3/15/31		- 20,000.000	.00	19,639.60	- 19,806.80	- 167.20

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SALES AND MATURITIES (continued)

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
04/30/2024	Sold 15,000 Par Value Of Aztrazeneca LLC 5.000% 2/26/34 Trade Date 4/30/24 Sold Through Stifel, Nicolaus & Co., Inc. Swift External Ref#: 8412103223600465 15,000 Par Value At 97.525 % 04636NAN3	- 15,000.000	.00	14,628.75	- 14,945.10	- 316.35
Total Aztrazeneca LLC 5.000% 2/26/34		- 15,000.000	.00	14,628.75	- 14,945.10	- 316.35
04/26/2024	Matured 35,000 Par Value Of Bank Of Ny Mtn 0.500% 4/26/24 Trade Date 4/26/24 35,000 Par Value At 100 % 06406RAS6	- 35,000.000	.00	35,000.00	- 34,203.05	796.95
Total Bank Of Ny Mtn 0.500% 4/26/24		- 35,000.000	.00	35,000.00	- 34,203.05	796.95
04/05/2024	Sold 20,000 Par Value Of Northern Tr Corp 6.125% 11/02/32 Trade Date 4/5/24 Sold Through Pershing LLC Swift External Ref#: 8409603223461653 20,000 Par Value At 104.44 % 665859AX2	- 20,000.000	.00	20,888.00	- 19,867.80	1,020.20
Total Northern Tr Corp 6.125% 11/02/32		- 20,000.000	.00	20,888.00	- 19,867.80	1,020.20
04/05/2024	Sold 22,000 Par Value Of Philip Morris Intl 5.250% 2/13/34 Trade Date 4/5/24 Sold Through Rbc Capital Markets, LLC Swift External Ref#: 8409603223460774 22,000 Par Value At 98.32 % 718172DJ5	- 22,000.000	.00	21,630.40	- 21,518.42	111.98

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SALES AND MATURITIES (continued)

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
Total Philip Morris Intl 5.250% 2/13/34		- 22,000.000	.00	21,630.40	- 21,518.42	111.98
04/25/2024	Sold 15,000 Par Value Of Warnermedia Hldgs 5.141% 3/15/52 Trade Date 4/25/24 Sold Through Bnp Paribas Sec Corp Swift External Ref#: 8411603223568944 15,000 Par Value At 76.719 % 55903VBE2	- 15,000.000	.00	11,507.85	- 12,035.40	- 527.55
Total Warnermedia Hldgs 5.141% 3/15/52		- 15,000.000	.00	11,507.85	- 12,035.40	- 527.55
Total Corporate Issues		- 127,000.000	.00	123,294.60	- 122,376.57	918.03
Foreign Issues						
04/15/2024	Matured 35,000 Par Value Of Bank Nova Scotia 0.700% 4/15/24 Trade Date 4/15/24 35,000 Par Value At 100 % 0641593X2	- 35,000.000	.00	35,000.00	- 34,229.30	770.70
Total Bank Nova Scotia 0.700% 4/15/24		- 35,000.000	.00	35,000.00	- 34,229.30	770.70
Total Foreign Issues		- 35,000.000	.00	35,000.00	- 34,229.30	770.70
Mutual Funds-Equity						
04/09/2024	Sold 864.242 Shares Of Dfa Large Cap Intl Port. Trade Date 4/9/24 864.242 Shares At 27.77 USD 233203868	- 864.242	.00	24,000.00	- 19,868.34	4,131.66
Total Dfa Large Cap Intl Port.		- 864.242	.00	24,000.00	- 19,868.34	4,131.66

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SALES AND MATURITIES (continued)

DATE	DESCRIPTION	SHARES/ FACE AMOUNT	COMMISSION	TRANSACTION PROCEEDS	BOOK VALUE	REALIZED GAIN/LOSS
04/09/2024	Sold 183.486 Shares Of Dodge Cox Stock Fund I Trade Date 4/9/24 183.486 Shares At 256.15 USD 256219106	- 183.486	.00	47,000.00	- 33,475.42	13,524.58
Total Dodge Cox Stock Fund I		- 183.486	.00	47,000.00	- 33,475.42	13,524.58
04/09/2024	Sold 2,560.976 Shares Of Hartford Schroders Emerging Markets Trade Date 4/9/24 2,560.976 Shares At 16.40 USD 41665X859	- 2,560.976	.00	42,000.00	- 39,278.77	2,721.23
Total Hartford Schroders Emerging Markets		- 2,560.976	.00	42,000.00	- 39,278.77	2,721.23
Total Mutual Funds-Equity		- 3,608.704	.00	113,000.00	- 92,622.53	20,377.47
Total Sales And Maturities		- 488,366.254	.00	591,241.29	- 573,289.08	17,952.21

SALES AND MATURITIES MESSAGES

Realized gain/loss should not be used for tax purposes.

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PENDING TRADES					
TRADE DATE	SETTLE DATE	DESCRIPTION	SHARES/ PAR VALUE	BOOK VALUE	CASH
Purchases					
04/30/2024	05/03/2024	Purchased 30,000 Par Value Of F H L M C Mltcl Mtg 5.180% 3/25/29 Trade Date 4/30/24 Purchased Through Wells Fargo Securities, LLC Purchased On The No Market (Eg, Unlisted) Swift External Ref#: 8412103223602344 30,000 Par Value At 100.10936667 % 3137HCKV3	30,000.000	30,032.81	- 30,032.81
04/30/2024	05/02/2024	Purchased 15,000 Par Value Of Abbvie Inc 4.250% 11/21/49 Trade Date 4/30/24 Purchased Through Stifel, Nicolaus & Co.,Inc. Swift External Ref#: 8412103223600592 15,000 Par Value At 82.026 % 00287YCB3	15,000.000	12,303.90	- 12,303.90
Total Purchases			45,000.000	42,336.71	- 42,336.71
Sales					
04/30/2024	05/02/2024	Sold 15,000 Par Value Of Aztrazeneca LLC 5.000% 2/26/34 Trade Date 4/30/24 Sold Through Stifel, Nicolaus & Co.,Inc. Swift External Ref#: 8412103223600465 15,000 Par Value At 97.525 % 04636NAN3	- 15,000.000	- 14,945.10	14,628.75
04/30/2024	05/02/2024	Sold 20,000 Par Value Of Abbvie Inc 4.950% 3/15/31 Trade Date 4/30/24 Sold Through BofA Securities, Inc./Fxd Inc Sold On The Marketaxess Corporation Swift External Ref#: 8412103223602076 20,000 Par Value At 98.198 % 00287YDT3	- 20,000.000	- 19,806.80	19,639.60
Total Sales			- 35,000.000	- 34,751.90	34,268.35

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PENDING TRADES (continued)					
TRADE DATE	SETTLE DATE	DESCRIPTION	SHARES/ PAR VALUE	BOOK VALUE	CASH
Net Trades Pending Settlement			10,000.000	7,584.81	- 8,068.36

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BOND SUMMARY

	PAR VALUE	MARKET VALUE	PERCENTAGE OF CATEGORY
SHORT-TERM MATURITY DETAIL			
31 to 60 Days			
Hormel Foods Corp 0.650% 6/03/24	35,000.00	34,849.50	33.52
Total 31 to 60 Days	35,000.00	34,849.50	33.52
61 to 90 Days			
Salesforce Com Inc 0.625% 7/15/24	35,000.00	34,655.95	33.33
Total 61 to 90 Days	35,000.00	34,655.95	33.33
91 to 120 Days			
Black Hills Corp 1.037% 8/23/24	35,000.00	34,466.95	33.15
Total 91 to 120 Days	35,000.00	34,466.95	33.15
Total	105,000.00	103,972.40	100.00

MATURITY SUMMARY

2024	105,000.00	103,972.40	2.72
2025	316,000.00	315,153.60	8.24
2026	170,000.00	166,426.60	4.35
2027	160,057.69	153,036.92	4.00
2028	312,000.00	307,388.93	8.04
2029	236,135.96	230,771.85	6.03
2030	35,000.00	32,480.55	0.84
2031	22,000.00	18,277.82	0.47
2032	26,000.00	29,533.96	0.77
2033	134,000.00	125,758.58	3.29
2034 - 2038	281,203.76	265,308.67	6.94
2039 - 2043	309,000.00	281,561.79	7.36
2044 - 2048	37,000.00	33,488.60	0.87
2049 - 2053	1,829,919.85	1,636,353.07	42.75

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BOND SUMMARY (continued)

	PAR VALUE	MARKET VALUE	PERCENTAGE OF CATEGORY
OVER 2053	133,000.00	127,753.96	3.33
Total	4,106,317.26	3,827,267.30	100.00
MOODY'S RATING			
Aaa	1,368,000.00	1,318,636.35	34.46
Aa2	24,000.00	18,160.32	0.48
Aa3	86,203.76	78,466.20	2.05
A1	201,000.00	198,011.86	5.17
A2	174,000.00	167,393.03	4.37
A3	106,135.96	98,587.73	2.58
Baa1	98,000.00	86,871.12	2.27
Baa2	237,000.00	212,960.47	5.56
Baa3	77,000.00	67,925.99	1.77
N/A	1,734,977.54	1,580,254.23	41.29
Total	4,106,317.26	3,827,267.30	100.00
S&P RATING			
AAA	270,000.00	260,532.20	6.81
AA	24,000.00	18,160.32	0.47
AA-	68,203.76	59,404.26	1.55
A+	71,000.00	71,229.07	1.86
A	152,000.00	147,635.33	3.87
A-	269,057.69	260,595.27	6.81
BBB+	226,135.96	199,115.42	5.20
BBB	212,000.00	188,306.08	4.92
BBB-	28,000.00	29,950.50	0.78
N/A	2,785,919.85	2,592,338.85	67.73
Total	4,106,317.26	3,827,267.30	100.00

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BOND QUALITY SCHEDULE

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Aaa Bonds						
Bmw Veh Owner Tr 3.440% 12/26/28 05602RAE1 Standard & Poors Rating: AAA	100,000.000	96.5790	96,579.00	95,808.59	770.41	4.25
Daimler Trucks 5.770% 12/15/27 233874AC0 Standard & Poors Rating: N/A	10,000.000	99.8580	9,985.80	9,999.11	- 13.31	5.81
First Natl Mstr 8.24026% 4/16/29 32113CBV1 Standard & Poors Rating: N/A	40,000.000	98.8740	39,549.60	39,920.31	- 370.71	8.52
Ford Cr Aut Own Tr 0.490% 9/15/26 34532NAD7 Standard & Poors Rating: AAA	75,000.000	96.5950	72,446.25	70,822.27	1,623.98	1.96
Ford Cr Auto Owner 5.980% 6/15/28 345295AF6 Standard & Poors Rating: N/A	45,000.000	100.7080	45,318.60	45,149.41	169.19	5.79
U S Treasury Bd 3.625% 5/15/53 912810TR9 Standard & Poors Rating: N/A	36,000.000	81.7340	29,424.24	29,605.78	- 181.54	4.80
U S Treasury Bd 3.875% 5/15/43 912810TS7 Standard & Poors Rating: N/A	30,000.000	87.2070	26,162.10	27,521.48	- 1,359.38	4.92
U S Treasury Bd 4.125% 8/15/53 912810TT5 Standard & Poors Rating: N/A	43,000.000	89.5470	38,505.21	41,206.14	- 2,700.93	4.79
U S Treasury Bd 4.500% 2/15/44 912810TZ1 Standard & Poors Rating: N/A	20,000.000	94.9380	18,987.60	20,360.94	- 1,373.34	4.90

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
U S Treasury Bd 4.500% 8/15/43 912810TU2 Standard & Poors Rating: N/A	230,000.000	93.3910	214,799.30	214,187.50	611.80	5.04
U S Treasury Bd 5.000% 11/15/53 912810TV0 Standard & Poors Rating: N/A	26,000.000	99.4840	25,865.84	26,945.63	- 1,079.79	5.03
U S Treasury Nt 4.000% 1/31/29 91282CJW2 Standard & Poors Rating: N/A	90,000.000	96.8950	87,205.50	88,711.72	- 1,506.22	4.74
U S Treasury Nt 4.000% 2/15/34 91282CJZ5 Standard & Poors Rating: N/A	114,000.000	94.6880	107,944.32	111,895.19	- 3,950.87	4.68
U S Treasury Nt 4.250% 2/28/29 91282CKD2 Standard & Poors Rating: N/A	4,000.000	97.9610	3,918.44	4,018.44	- 100.00	4.73
U S Treasury Nt 4.500% 3/31/26 91282CKH3 Standard & Poors Rating: N/A	80,000.000	98.9960	79,196.80	79,318.75	- 121.95	5.05
U S Treasury Nt 4.500% 11/15/33 91282CJJ1 Standard & Poors Rating: N/A	45,000.000	98.5310	44,338.95	46,475.96	- 2,137.01	4.69
U S Treasury Nt 5.000% 10/31/25 91282CJE2 Standard & Poors Rating: N/A	280,000.000	99.7660	279,344.80	280,895.32	- 1,550.52	5.16
World Omni Aut Lea 5.570% 7/17/28 981944AE1 Standard & Poors Rating: N/A	100,000.000	99.0640	99,064.00	98,414.06	649.94	5.82
Total Aaa Bonds			1,318,636.35	1,331,256.60	- 12,620.25	

Aa2 Bonds

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Berkshire Hathaway 3.850% 3/15/52 Next Call Date 09/15/2051 084664DB4 Standard & Poors Rating: AA	24,000.000	75.6680	18,160.32	17,598.96	561.36	5.58
Aa3 Bonds						
Blackrock Funding 5.250% 3/14/54 09290DAC5 Standard & Poors Rating: AA-	15,000.000	94.3940	14,159.10	14,890.30	- 731.20	5.64
Dte Elec Co 5.200% 3/01/34 Next Call Date 12/01/2033 23338VAV8 Standard & Poors Rating: A	15,000.000	97.1790	14,576.85	14,992.95	- 416.10	5.58
Fedex 2020 1 Class 1.875% 2/20/34 314353AA1 Standard & Poors Rating: AA-	38,203.760	80.6510	30,811.71	30,405.61	406.10	4.32
Southern Ca Gas Co 6.350% 11/15/52 Next Call Date 05/15/2052 842434CX8 Standard & Poors Rating: A+	18,000.000	105.1030	18,918.54	18,101.52	817.02	5.98
Total Aa3 Bonds			78,466.20	78,390.38	75.82	
A1 Bonds						
Bank Of America Mtn 3.194% 7/23/30 Next Call Date 07/23/2029 06051GHV4 Standard & Poors Rating: A-	20,000.000	88.8630	17,772.60	22,159.40	- 4,386.80	5.32
Cisco Sys Inc 5.300% 2/26/54 Next Call Date 08/26/2053 17275RBU5 Standard & Poors Rating: AA-	15,000.000	96.2230	14,433.45	14,975.40	- 541.95	5.56

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Commonwealth Edison 5.875% 2/01/33 202795HG8 Standard & Poors Rating: A	20,000.000	100.7320	20,146.40	20,078.40	68.00	5.77
Hormel Foods Corp 0.650% 6/03/24 440452AG5 Standard & Poors Rating: A-	35,000.000	99.5700	34,849.50	34,012.65	836.85	5.35
Mizuho Financial 2.555% 9/13/25 Next Call Date 09/13/2024 60687YAZ2 Standard & Poors Rating: A-	18,000.000	98.7280	17,771.04	17,473.14	297.90	3.51
Morgan Stanley 6.407% 11/01/29 Next Call Date 10/01/2029 61747YFH3 Standard & Poors Rating: A-	25,000.000	103.1110	25,777.75	25,844.00	- 66.25	5.72
Royal Bk Cda Mtn 5.200% 8/01/28 78016HZS2 Standard & Poors Rating: A	18,000.000	99.4290	17,897.22	17,579.88	317.34	5.39
Salesforce Com Inc 0.625% 7/15/24 79466LAG9 Standard & Poors Rating: A+	35,000.000	99.0170	34,655.95	33,838.00	817.95	5.39
Wells Fargo Co Mtn 5.198% 1/23/30 Next Call Date 12/23/2029 95000U3J0 Standard & Poors Rating: BBB+	15,000.000	98.0530	14,707.95	15,000.00	- 292.05	5.60
Total A1 Bonds			198,011.86	200,960.87	- 2,949.01	
A2 Bonds						
Bristol Myers 5.200% 2/22/34 Next Call Date 11/20/2033 110122EH7 Standard & Poors Rating: A	5,000.000	97.9290	4,896.45	4,998.85	- 102.40	5.47

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BOND QUALITY SCHEDULE (continued)

MOODYS RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Cummins Inc Sr 5.450% 2/20/54 Next Call Date 08/20/2053 231021AX4 Standard & Poors Rating: A	15,000.000	96.2630	14,439.45	14,905.65	- 466.20	5.71
Duke Energy 5.550% 3/15/54 Next Call Date 09/15/2053 26442EAL4 Standard & Poors Rating: A	20,000.000	94.4000	18,880.00	19,947.80	- 1,067.80	5.95
Entergy LLC 5.000% 9/01/33 Next Call Date 06/01/2033 29366WAD8 Standard & Poors Rating: A	21,000.000	95.1130	19,973.73	19,642.35	331.38	5.68
Goldman Sachs 1.948% 10/21/27 Next Call Date 10/21/2026 38141GYM0 Standard & Poors Rating: BBB+	22,000.000	91.3080	20,087.76	19,460.54	627.22	4.69
Idaho Pwr Co 5.800% 4/01/54 Next Call Date 10/01/2053 45138LBJ1 Standard & Poors Rating: A-	19,000.000	97.0410	18,437.79	17,849.55	588.24	6.01
Nevada Power Co 6.000% 3/15/54 Next Call Date 09/15/2053 641423CG1 Standard & Poors Rating: A	19,000.000	99.7380	18,950.22	18,213.59	736.63	6.02
Schwab Charles Corp 6.196% 11/17/29 Next Call Date 11/17/2028 808513CJ2 Standard & Poors Rating: A-	15,000.000	102.3450	15,351.75	15,000.00	351.75	5.70
Southern Calif 5.875% 12/01/53 Next Call Date 06/01/2053 842400HX4 Standard & Poors Rating: A-	19,000.000	97.3730	18,500.87	17,553.91	946.96	6.07

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Westar Energy Inc 3.100% 4/01/27 Next Call Date 01/01/2027 95709TAP5 Standard & Poors Rating: A	19,000.000	94.0790	17,875.01	17,681.21	193.80	5.32
Total A2 Bonds			167,393.03	165,253.45	2,139.58	
A3 Bonds						
Abbvie Inc 4.250% 11/21/49 Next Call Date 05/21/2049 00287YCB3 Standard & Poors Rating: A-	15,000.000	81.7120	12,256.80	12,303.90	- 47.10	5.61
American Honda Mtn 4.900% 1/10/34 02665WEZ0 Standard & Poors Rating: A-	15,000.000	95.2480	14,287.20	14,953.05	- 665.85	5.54
American Honda Mtn 5.125% 7/07/28 02665WEM9 Standard & Poors Rating: A-	18,000.000	99.3280	17,879.04	17,759.88	119.16	5.30
Consolidated Edison 5.700% 12/01/36 209111EQ2 Standard & Poors Rating: A-	11,000.000	98.8780	10,876.58	10,346.93	529.65	5.83
Delta Air Lines 5.000% 12/10/29 247361ZW1 Standard & Poors Rating: BBB+	32,135.960	90.1520	28,971.21	27,797.61	1,173.60	7.16
Marsh McLennan 5.450% 3/15/54 Next Call Date 09/15/2053 571748BX9 Standard & Poors Rating: A-	15,000.000	95.4460	14,316.90	14,843.70	- 526.80	5.77
Total A3 Bonds			98,587.73	98,005.07	582.66	

Baa1 Bonds

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Amgen Inc 5.650% 3/02/53 Next Call Date 09/02/2052 031162DT4 Standard & Poors Rating: BBB+	13,000.000	95.9680	12,475.84	11,941.41	534.43	5.94
Citizens Financial 6.645% 4/25/35 Next Call Date 04/25/2034 174610BG9 Standard & Poors Rating: BBB+	20,000.000	100.2800	20,056.00	20,017.75	38.25	6.61
Electronic Arts Inc 2.950% 2/15/51 Next Call Date 08/15/2050 285512AF6 Standard & Poors Rating: BBB+	29,000.000	62.5240	18,131.96	17,405.51	726.45	5.69
Nextera Energy Cap 6.051% 3/01/25 65339KBP4 Standard & Poors Rating: BBB+	18,000.000	100.2098	18,037.76	18,018.18	19.58	5.76
Suncor Energy Inc 5.950% 12/01/34 867229AD8 Standard & Poors Rating: BBB	18,000.000	100.9420	18,169.56	17,308.80	860.76	5.83
Total Baa1 Bonds			86,871.12	84,691.65	2,179.47	
Baa2 Bonds						
At T Inc 2.550% 12/01/33 Next Call Date 09/01/2033 00206RMM1 Standard & Poors Rating: BBB	30,000.000	77.1880	23,156.40	24,046.20	- 889.80	5.67
Black Hills Corp 1.037% 8/23/24 092113AU3 Standard & Poors Rating: BBB+	35,000.000	98.4770	34,466.95	33,628.35	838.60	5.97

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Citigroup Inc Sub 6.174% 5/25/34 Next Call Date 05/25/2033 17327CAR4 Standard & Poors Rating: BBB	20,000.000	99.2440	19,848.80	19,087.20	761.60	6.28
Cna Fnl Corp 5.125% 2/15/34 Next Call Date 11/15/2033 126117AY6 Standard & Poors Rating: A-	15,000.000	94.3500	14,152.50	14,809.35	- 656.85	5.89
Cvs Caremark 6.125% 9/15/39 126650BR0 Standard & Poors Rating: BBB	5,000.000	99.0910	4,954.55	5,017.55	- 63.00	6.22
Cvs Health Corp 5.050% 3/25/48 Next Call Date 09/25/2047 126650CZ1 Standard & Poors Rating: BBB	17,000.000	85.3000	14,501.00	13,872.00	629.00	6.24
Dell Intl LLC 5.400% 4/15/34 Next Call Date 01/15/2034 24703DBN0 Standard & Poors Rating: BBB	10,000.000	96.8870	9,688.70	9,980.20	- 291.50	5.81
Essential Utils Inc 3.351% 4/15/50 Next Call Date 10/15/2049 29670GAE2 Standard & Poors Rating: BBB+	29,000.000	66.1500	19,183.50	17,855.88	1,327.62	5.92
Extra Space Storage 5.700% 4/01/28 Next Call Date 03/01/2028 30225VAJ6 Standard & Poors Rating: BBB+	13,000.000	99.9730	12,996.49	12,813.97	182.52	5.71
Motorola Solutions 2.750% 5/24/31 Next Call Date 02/24/2031 620076BU2 Standard & Poors Rating: BBB	22,000.000	83.0810	18,277.82	17,486.48	791.34	5.69

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
Pacific Gas Elec Co 4.950% 7/01/50 694308JN8 Standard & Poors Rating: BBB	15,000.000	81.3320	12,199.80	12,974.85	- 775.05	6.43
Sprint Capital Corp 8.750% 3/15/32 852060AT9 Standard & Poors Rating: BBB-	10,000.000	118.0740	11,807.40	11,516.70	290.70	5.85
Weyerhaeuser Co 7.375% 3/15/32 962166BR4 Standard & Poors Rating: BBB	16,000.000	110.7910	17,726.56	17,236.48	490.08	5.66
Total Baa2 Bonds			212,960.47	210,325.21	2,635.26	
Baa3 Bonds						
Energy Transfer L P 5.950% 5/15/54 Next Call Date 11/15/2053 29273VAW0 Standard & Poors Rating: BBB	15,000.000	94.2470	14,137.05	14,928.45	- 791.40	6.38
Mattel Inc 5.450% 11/01/41 Next Call Date 05/01/2041 577081AW2 Standard & Poors Rating: BBB	16,000.000	87.5220	14,003.52	12,916.16	1,087.36	6.67
Ovintiv Inc 6.250% 7/15/33 Next Call Date 04/15/2033 69047QAC6 Standard & Poors Rating: BBB-	18,000.000	100.7950	18,143.10	17,490.42	652.68	6.13
Plains All Amer Pipe 4.300% 1/31/43 Next Call Date 07/31/2042 72650RBC5 Standard & Poors Rating: BBB	28,000.000	77.2940	21,642.32	19,544.00	2,098.32	6.40
Total Baa3 Bonds			67,925.99	64,879.03	3,046.96	

N/A Bonds

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
F H L M C #Sd8237 4.000% 7/01/52 3132DWEJ8 Standard & Poors Rating: N/A	413,779.260	89.5450	370,518.64	367,810.96	2,707.68	4.67
F H L M C #Sd8244 4.000% 9/01/52 3132DWERO Standard & Poors Rating: N/A	73,878.850	89.5160	66,133.39	69,296.04	- 3,162.65	4.67
F H L M C #Sd8288 5.000% 12/01/52 3132DWF57 Standard & Poors Rating: N/A	370,367.060	94.8220	351,189.45	350,112.62	1,076.83	5.35
F H L M C Mltcl Mtg 5.180% 3/25/29 3137HCKV3 Standard & Poors Rating: N/A	30,000.000	99.9920	29,997.60	30,032.81	- 35.21	5.18
F N M A #Ma4838 3.500% 11/01/52 31418ELU2 Standard & Poors Rating: N/A	421,705.050	86.2740	363,821.81	361,348.53	2,473.28	4.34
F N M A #Ma4867 4.500% 12/01/52 31418EMR8 Standard & Poors Rating: N/A	283,189.630	92.1880	261,066.86	259,959.23	1,107.63	5.02
Gm Fin Atmbl Lease 5.160% 1/20/27 362541AE4 Standard & Poors Rating: AAA	30,000.000	99.4580	29,837.40	29,630.86	206.54	5.37
Hyundai Auto Recv 1.600% 12/15/26 44933FAF3 Standard & Poors Rating: AAA	15,000.000	98.5570	14,783.55	14,634.96	148.59	2.17
Ssm Health Care Corp 4.894% 6/01/28 Next Call Date 03/01/2028 784710AC9 Standard & Poors Rating: A+	18,000.000	98.0810	17,654.58	17,646.48	8.10	5.42
Toyota Auto Rec 1.020% 3/15/27 89238JAD7 Standard & Poors Rating: AAA	50,000.000	93.7720	46,886.00	45,835.94	1,050.06	3.29

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BOND QUALITY SCHEDULE (continued)

MOODY'S RATING

ASSET NAME	SHARES/ PAR VALUE	PRICE	MARKET	BOOK VALUE	UNREALIZED GAIN/LOSS	YIELD TO CALL/ MATURITY
United Airlines 4.300% 2/15/27 909319AA3 Standard & Poors Rating: A-	29,057.690	97.6160	28,364.95	27,632.12	732.83	5.23
Total N/A Bonds			1,580,254.23	1,573,940.55	6,313.68	
GRAND TOTAL			3,827,267.30	3,825,301.77	1,965.53	



MONTHLY ACCOUNT STATEMENT

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

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Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

Custodian:

Bank of New York Mellon Trust Company

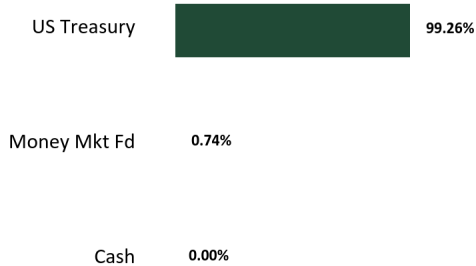
PORTFOLIO SUMMARY

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Portfolio Characteristics

Average Modified Duration	1.77
Average Coupon	1.91%
Average Purchase YTM	2.67%
Average Market YTM	5.06%
Average Quality	AAA
Average Final Maturity	1.88
Average Life	1.88

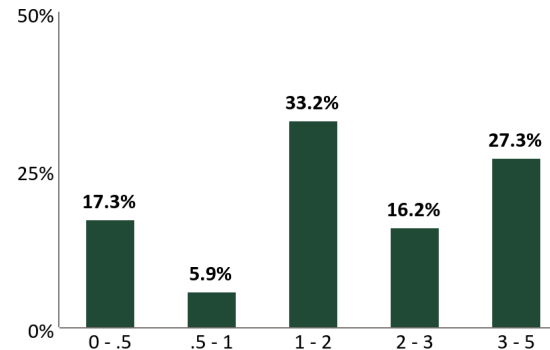
Sector Allocation



Account Summary

	Beg. Values as of 04/01/2024	End Values as of 04/30/2024
Market Value	665,632.59	662,068.53
Accrued Interest	4,674.40	5,743.51
Total Market Value	670,306.99	667,812.04
Income Earned	1,610.23	1,507.69
Cont/WD	0.00	0.00
Par	699,874.20	699,895.05
Book Value	684,556.31	684,985.56
Cost Value	682,219.71	682,240.56

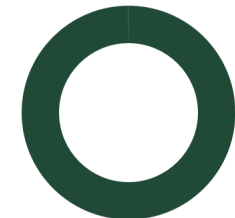
Maturity Distribution



Top Issuers

United States	99.26%
Invesco Ltd.	0.74%

Credit Quality



*See Footnote

Performance Review

Total Rate of Return	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	Since Inception (07/01/18)
Brea CFD 2008 2 17 Reserve	(0.37%)	(0.48%)	(0.12%)	2.83%	2.08%	0.36%	1.45%	--	1.80%
Benchmark Return*	(1.40%)	(2.19%)	(1.88%)	(0.51%)	0.12%	(2.26%)	0.30%	--	0.92%

*Periods over 1 year are annualized.

Benchmark: ICE BofA 3-5 Year Unsubordinated US Treasury & Agency Index Secondary Benchmark:
The credit quality is a weighted average calculation of the highest of S&P, Moody's' and Fitch

Execution Time: 05/02/2024 11:22:59 AM

Chandler Asset Management | info@chandlerasset.com | www.chandlerasset.com | 800.317.4747

STATEMENT OF COMPLIANCE

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
MONEY MARKET FUND				
Max % (MV)	20.0	0.7	Compliant	
Max % Issuer (MV)	5.0	0.7	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	99.3	Compliant	
Max Maturity (Years)	5.0	4.0	Compliant	

RECONCILIATION SUMMARY

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Maturities / Calls

Month to Date	0.00
Fiscal Year to Date	0.00

Principal Paydowns

Month to Date	0.00
Fiscal Year to Date	0.00

Purchases

Month to Date	30.18
Fiscal Year to Date	231,834.09

Sales

Month to Date	0.00
Fiscal Year to Date	(239,403.19)

Interest Received

Month to Date	30.18
Fiscal Year to Date	8,323.15

Purchased / Sold Interest

Month to Date	0.00
Fiscal Year to Date	(703.06)

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Book Value	684,556.31	689,635.49
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	30.18	231,834.09
Sales	0.00	(239,403.19)
Change in Cash, Payables, Receivables	(9.33)	(1,171.47)
Amortization/Accretion	408.40	4,090.63
Realized Gain (Loss)	0.00	0.00
Ending Book Value	684,985.56	684,985.56

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Market Value	665,632.59	661,694.41
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	30.18	231,834.09
Sales	0.00	(239,403.19)
Change in Cash, Payables, Receivables	(9.33)	(1,171.47)
Amortization/Accretion	408.40	4,090.63
Change in Net Unrealized Gain (Loss)	(3,993.31)	5,024.06
Realized Gain (Loss)	0.00	0.00
Ending Market Value	662,068.53	662,068.53

HOLDINGS REPORT

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
CASH									
CCYUSD	Receivable	20.85	-- 0.00%	20.85 20.85	1.00 0.00%	20.85 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		20.85	0.00%	20.85 20.85	1.00 0.00%	20.85 0.00	0.00% 0.00	Aaa/AAA AAA	0.00 0.00
MONEY MARKET FUND									
X9USDINVE	INVESCO TREASURY INST	4,874.20	-- 5.23%	4,874.20 4,874.20	1.00 5.23%	4,874.20 0.00	0.74% 0.00	Aaa/ AAAm AAA	0.00 0.00
Total Money Market Fund		4,874.20	5.23%	4,874.20 4,874.20	1.00 5.23%	4,874.20 0.00	0.74% 0.00	Aaa/AAAm AAA	0.00 0.00
US TREASURY									
912828WJ5	UNITED STATES TREASURY 2.5 05/15/2024	110,000.00	06/18/2019 1.86%	113,381.64 110,026.42	99.89 5.20%	109,875.24 1,269.23	16.60% (151.18)	Aaa/AA+ AA+	0.04 0.04
912828G38	UNITED STATES TREASURY 2.25 11/15/2024	40,000.00	03/15/2022 2.01%	40,251.56 40,051.09	98.35 5.38%	39,339.45 415.38	5.94% (711.63)	Aaa/AA+ AA+	0.54 0.52
91282CEU1	UNITED STATES TREASURY 2.875 06/15/2025	60,000.00	07/05/2023 5.01%	57,658.59 58,647.92	97.45 5.23%	58,471.88 650.41	8.83% (176.04)	Aaa/AA+ AA+	1.13 1.08
91282CBC4	UNITED STATES TREASURY 0.375 12/31/2025	115,000.00	12/30/2020 0.38%	114,986.52 114,995.50	92.49 5.13%	106,366.02 144.54	16.07% (8,629.49)	Aaa/AA+ AA+	1.67 1.62
91282CBH3	UNITED STATES TREASURY 0.375 01/31/2026	60,000.00	01/19/2022 1.52%	57,309.38 58,830.17	92.14 5.12%	55,286.72 56.25	8.35% (3,543.45)	Aaa/AA+ AA+	1.76 1.70
912828R36	UNITED STATES TREASURY 1.625 05/15/2026	55,000.00	01/19/2022 1.56%	55,154.69 55,073.03	93.46 5.04%	51,401.37 412.50	7.76% (3,671.66)	Aaa/AA+ AA+	2.04 1.95
912828U24	UNITED STATES TREASURY 2.0 11/15/2026	60,000.00	07/05/2023 4.52%	55,328.91 56,470.06	93.05 4.94%	55,832.81 553.85	8.43% (637.24)	Aaa/AA+ AA+	2.54 2.40
912828X88	UNITED STATES TREASURY 2.375 05/15/2027	75,000.00	06/28/2022 3.28%	71,906.25 73,073.57	93.02 4.87%	69,761.72 822.12	10.54% (3,311.85)	Aaa/AA+ AA+	3.04 2.84
9128283F5	UNITED STATES TREASURY 2.25 11/15/2027	60,000.00	07/05/2023 4.35%	55,035.94 55,970.79	91.68 4.83%	55,010.16 623.08	8.31% (960.63)	Aaa/AA+ AA+	3.54 3.30
9128284N7	UNITED STATES TREASURY 2.875 05/15/2028	60,000.00	07/05/2023 4.28%	56,332.03 56,951.97	93.05 4.79%	55,828.13 796.15	8.43% (1,123.84)	Aaa/AA+ AA+	4.04 3.69

HOLDINGS REPORT

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
Total US Treasury		695,000.00	2.65%	677,345.51 680,090.51	94.65 5.06%	657,173.48 5,743.51	99.26% (22,917.03)	Aaa/AA+ AA+	1.90 1.79
Total Portfolio		699,895.05	2.67%	682,240.56 684,985.56	93.96 5.06%	662,068.53 5,743.51	100.00% (22,917.03)	Aaa/AA+ AA+	1.88 1.77
Total Market Value + Accrued						667,812.04			

TRANSACTION LEDGER

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/03/2024	X9USDINVE	30.18	INVESCO TREASURY INST	1.000	5.18%	(30.18)	0.00	(30.18)	0.00
Total Purchase			30.18				(30.18)	0.00	(30.18)	0.00
TOTAL ACQUISITIONS			30.18				(30.18)	0.00	(30.18)	0.00
OTHER TRANSACTIONS										
TOTAL OTHER TRANSACTIONS			0.00				0.00	0.00	0.00	0.00

INCOME EARNED

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENTS						
CCYUSD	Receivable	20.85	30.18	0.00	0.00	0.00
			0.00	0.00	0.00	
			0.00	0.00	0.00	
			20.85	0.00	0.00	
X9USDINVE	INVESCO TREASURY INST	4,874.20	4,844.02	0.00	0.00	30.18
			30.18	30.18	0.00	
			0.00	0.00	0.00	
			4,874.20	30.18	30.18	
			4,874.20	0.00	0.00	
			30.18	30.18	0.00	
			0.00	0.00	0.00	
Total Cash & Equivalents			4,895.05	30.18	30.18	30.18
FIXED INCOME						
9128283F5	UNITED STATES TREASURY 2.25 11/15/2027	07/05/2023 07/06/2023 60,000.00	55,877.31	511.81	93.49	204.75
			0.00	0.00	0.00	
			0.00	623.08	93.49	
			55,970.79	111.26	204.75	
9128284N7	UNITED STATES TREASURY 2.875 05/15/2028	07/05/2023 07/06/2023 60,000.00	56,889.97	653.98	61.99	204.16
			0.00	0.00	0.00	
			0.00	796.15	61.99	
			56,951.97	142.17	204.16	
912828G38	UNITED STATES TREASURY 2.25 11/15/2024	03/15/2022 03/16/2022 40,000.00	40,058.83	341.21	0.00	66.44
			0.00	0.00	(7.74)	
			0.00	415.38	(7.74)	
			40,051.09	74.18	66.44	
912828R36	UNITED STATES TREASURY 1.625 05/15/2026	01/19/2022 01/20/2022 55,000.00	55,075.97	338.84	0.00	70.72
			0.00	0.00	(2.94)	
			0.00	412.50	(2.94)	
			55,073.03	73.66	70.72	
912828U24	UNITED STATES TREASURY 2.0 11/15/2026	07/05/2023 07/06/2023 60,000.00	56,355.94	454.95	114.11	213.02
			0.00	0.00	0.00	
			0.00	553.85	114.11	
			56,470.06	98.90	213.02	

INCOME EARNED

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
912828WJ5	UNITED STATES TREASURY 2.5 05/15/2024	06/18/2019 06/19/2019 110,000.00	110,083.03 0.00 0.00 110,026.42	1,042.58 0.00 1,269.23 226.65	0.00 (56.61) (56.61) 170.04	170.04
912828X88	UNITED STATES TREASURY 2.375 05/15/2027	06/28/2022 06/29/2022 75,000.00	73,021.46 0.00 0.00 73,073.57	675.31 0.00 822.12 146.81	52.11 0.00 52.11 198.92	198.92
91282CBC4	UNITED STATES TREASURY 0.375 12/31/2025	12/30/2020 12/31/2020 115,000.00	114,995.28 0.00 0.00 114,995.50	109.00 0.00 144.54 35.54	0.22 0.00 0.22 35.76	35.76
91282CBH3	UNITED STATES TREASURY 0.375 01/31/2026	01/19/2022 01/20/2022 60,000.00	58,775.33 0.00 0.00 58,830.17	37.71 0.00 56.25 18.54	54.84 0.00 54.84 73.38	73.38
91282CEU1	UNITED STATES TREASURY 2.875 06/15/2025	07/05/2023 07/06/2023 60,000.00	58,548.99 0.00 0.00 58,647.92	509.02 0.00 650.41 141.39	98.93 0.00 98.93 240.33	240.33
Total Fixed Income			679,682.11 0.00 0.00 680,090.51	4,674.40 0.00 5,743.51 1,069.11	475.70 (67.30) 408.40 1,477.51	1,477.51
			684,556.31 30.18 0.00 684,985.56	4,674.40 30.18 5,743.51 1,099.29	475.70 (67.30) 408.40 1,507.69	1,507.69
TOTAL PORTFOLIO			699,895.05	1,099.29	1,507.69	1,507.69

CASH FLOW REPORT

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
MAY 2024							
05/01/2024	Dividend	825252406	0.00		20.85		20.85
05/01/2024	Dividend	X9USDINVE	4,874.20	INVESCO TREASURY INST	20.85		20.85
05/15/2024	Coupon	9128283F5	60,000.00	UNITED STATES TREASURY 2.25 11/15/2027		675.00	675.00
05/15/2024	Coupon	9128284N7	60,000.00	UNITED STATES TREASURY 2.875 05/15/2028		862.50	862.50
05/15/2024	Coupon	912828G38	40,000.00	UNITED STATES TREASURY 2.25 11/15/2024		450.00	450.00
05/15/2024	Coupon	912828R36	55,000.00	UNITED STATES TREASURY 1.625 05/15/2026		446.88	446.88
05/15/2024	Coupon	912828U24	60,000.00	UNITED STATES TREASURY 2.0 11/15/2026		600.00	600.00
05/15/2024	Coupon	912828WJ5	110,000.00	UNITED STATES TREASURY 2.5 05/15/2024		1,375.00	1,375.00
05/15/2024	Final Maturity	912828WJ5	110,000.00	UNITED STATES TREASURY 2.5 05/15/2024	110,000.00		110,000.00
05/15/2024	Coupon	912828X88	75,000.00	UNITED STATES TREASURY 2.375 05/15/2027		890.63	890.63
May 2024 Total					110,041.70	5,300.00	115,341.70
JUNE 2024							
06/17/2024	Coupon	91282CEU1	60,000.00	UNITED STATES TREASURY 2.875 06/15/2025		862.50	862.50
June 2024 Total						862.50	862.50
JULY 2024							
07/01/2024	Coupon	91282CBC4	115,000.00	UNITED STATES TREASURY 0.375 12/31/2025		215.63	215.63
07/31/2024	Coupon	91282CBH3	60,000.00	UNITED STATES TREASURY 0.375 01/31/2026		112.50	112.50
July 2024 Total						328.13	328.13
NOVEMBER 2024							
11/15/2024	Coupon	9128283F5	60,000.00	UNITED STATES TREASURY 2.25 11/15/2027		675.00	675.00
11/15/2024	Coupon	9128284N7	60,000.00	UNITED STATES TREASURY 2.875 05/15/2028		862.50	862.50
11/15/2024	Coupon	912828G38	40,000.00	UNITED STATES TREASURY 2.25 11/15/2024		450.00	450.00
11/15/2024	Final Maturity	912828G38	40,000.00	UNITED STATES TREASURY 2.25 11/15/2024	40,000.00		40,000.00
11/15/2024	Coupon	912828R36	55,000.00	UNITED STATES TREASURY 1.625 05/15/2026		446.88	446.88
11/15/2024	Coupon	912828U24	60,000.00	UNITED STATES TREASURY 2.0 11/15/2026		600.00	600.00
11/15/2024	Coupon	912828X88	75,000.00	UNITED STATES TREASURY 2.375 05/15/2027		890.63	890.63
November 2024 Total					40,000.00	3,925.00	43,925.00
DECEMBER 2024							
12/16/2024	Coupon	91282CEU1	60,000.00	UNITED STATES TREASURY 2.875 06/15/2025		862.50	862.50
12/31/2024	Coupon	91282CBC4	115,000.00	UNITED STATES TREASURY 0.375 12/31/2025		215.63	215.63
December 2024 Total						1,078.13	1,078.13

CASH FLOW REPORT

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
JANUARY 2025							
01/31/2025	Coupon	91282CBH3	60,000.00	UNITED STATES TREASURY 0.375 01/31/2026		112.50	112.50
January 2025 Total						112.50	112.50
Grand Total			1,434,874.20		150,041.70	11,606.25	161,647.95

IMPORTANT DISCLOSURES

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Chandler Asset Management, Inc. ("Chandler") is an SEC registered investment adviser. For additional information about our firm, please see our current disclosures (Form ADV). To obtain a copy of our current disclosures, you may contact your client service representative by calling the number on the front of this statement or you may visit our website at www.chandlerasset.com.

Information contained in this monthly statement is confidential and is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of this statement, but may become outdated or superseded at any time without notice.

Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

BENCHMARK INDEX & DISCLOSURES

Brea CFD 2008 2 17 Reserve Fund | Account #10600 | As of April 30, 2024

Benchmark	Disclosure
ICE BofA 3-5 Yr US Treasury & Agency Index	The ICE BofA 3-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least three years remaining term to final maturity and less than five years remaining term to final maturity, at least three years to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.



City of Brea

City Council Regular Meeting Communication

May 3 and 10, 2024 City Disbursement Registers

Meeting	Agenda Group
Tuesday, May 21, 2024, 7:00 PM	CONSENT CALENDAR Item: 4I
TO	FROM
Honorable Mayor and City Council Members	Bill Gallardo, City Manager

RECOMMENDATION

Receive and file.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Ana Conrique, Senior Accountant and

Monica Lo, Deputy Director of Administrative Services

Concurrence: Kristin Griffith, Director of Administrative Services

Attachments

[City Disbursement Register 5.03.24.pdf](#)

[City Disbursement Register 5.10.24.pdf](#)

City Disbursement Register

Between Apr 29, 2024 12:00 AM and May 3, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
195248	ARC DOCUMENT SOLUTIONS, LLC	05/03/2024	23645	510707978	PLAN COPIES-AROVISTA	\$170.39
ARC DOCUMENT SOLUTIONS, LLC					Total Check Amount:	\$170.39
195249	AVENU INSIGHTS & ANALYTICS, LLC	05/03/2024	29396	110141424	SUTA SVCS 2023 Q4	\$62,280.24
AVENU INSIGHTS & ANALYTICS, LLC					Total Check Amount:	\$62,280.24
195250	BROADCAST MUSIC INC	05/03/2024	23752	110404311	1003009915 LATE FEE	\$6.74
BROADCAST MUSIC INC					Total Check Amount:	\$6.74
195251	ERIC T. BROBERG	05/03/2024	32893	110404541	MICA 2024 PREPARATOR	\$450.00
ERIC T. BROBERG					Total Check Amount:	\$450.00
195253	BUSINESS CARD	05/03/2024	18749	110212121	BSCARD 042324 PD	\$5,145.00
		05/03/2024	18749	110212132	BSCARD 042324 PD	\$1,408.79
		05/03/2024	18749	110222211	BSCARD 032324 DEF REV	(\$3,067.21)
		05/03/2024	18749	110222223	BSCARD 042324 FIRE	\$133.90
		05/03/2024	18749	110222231	BSCARD 032324 FIRE	\$2,689.10
		05/03/2024	18749	110404211	BSCARD 032324 CS II	\$82.36
		05/03/2024	18749	420515131	BSCARD 032324 DEF REV	(\$295.57)
		05/03/2024	18749	950000000	ILJAOC BSCARD 0424 MJ	\$27.61
		05/03/2024	18749	110212111	BSCARD 082323 PD ADJ	(\$172.38)
		05/03/2024	18749	110212132	BSCARD 042324 PD TRNG	\$7,454.64
		05/03/2024	18749	110404211	BSCARD 032324 DEF REV	(\$7,660.55)
		05/03/2024	18749	110212111	BSCARD 032324 DEF REV	(\$87.66)
		05/03/2024	18749	110212111	BSCARD 032324 PD	\$87.66
		05/03/2024	18749	110212141	BSCARD 082323 PD ADJ	\$172.38
		05/03/2024	18749	110222231	BSCARD 042324 FIRE	\$165.13
		05/03/2024	18749	110404154	BSCARD 032324 CS II	\$173.76
		05/03/2024	18749	110404428	BSCARD 032324 CS	\$7,154.78
		05/03/2024	18749	420515131	BSCARD 042324 WATER	\$39.99
		05/03/2024	18749	110141481	BSCARD 042324 HR	\$629.91
		05/03/2024	18749	110212111	BSCARD 042324 PD	\$1,381.00
		05/03/2024	18749	110212111	BSCARD 042324 PD TRNG	\$3,699.80
		05/03/2024	18749	110222211	BSCARD 032324 FIRE	\$378.11
		05/03/2024	18749	110404425	BSCARD 032324 CS	\$189.83
		05/03/2024	18749	110404429	BSCARD 032324 CS	\$59.82
		05/03/2024	18749	420515131	BSCARD 032324 WATER	\$295.57
		05/03/2024	18749	950000000	ILJAOC BSCARD 0923 MJ	\$0.00
		05/03/2024	18749	950000000	ILJAOC BSCARD 1023 MJ	\$0.00
BUSINESS CARD					Total Check Amount:	\$20,085.77
195254	STEVE CHAUNCEY	05/03/2024	27742	110212111	RADAR/LASER OPER TRNG	\$290.00
STEVE CHAUNCEY					Total Check Amount:	\$290.00

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195255	CINTAS	05/03/2024	24347	110404211	FIRST AID RESTOCK BCC	\$135.55
CINTAS					Total Check Amount:	\$135.55
195256	CITY OF CYPRESS	05/03/2024	32161	960000000	OCCMA MAY24 GEN MTG	\$3,092.17
CITY OF CYPRESS					Total Check Amount:	\$3,092.17
195257	COMMERCIAL AQUATIC SERVICES, INC.	05/03/2024	25513	110404422	BULK CHEMICALS	\$1,329.95
COMMERCIAL AQUATIC SERVICES, INC.					Total Check Amount:	\$1,329.95
195258	JOSEPH COVEY	05/03/2024	32205	110323231	PLANNING COMM 4/23	\$50.00
JOSEPH COVEY					Total Check Amount:	\$50.00
195259	CREATIVE BUS SALES, INC.	05/03/2024	32353	480515161	SHUTTLE REPAIR #2216	\$2,963.95
CREATIVE BUS SALES, INC.					Total Check Amount:	\$2,963.95
195260	DAVID VOLZ DESIGN	05/03/2024	31785	510707978	BIDDING ASST DEC/JAN	\$11,683.75
DAVID VOLZ DESIGN					Total Check Amount:	\$11,683.75
195261	DE NOVO PLANNING GROUP	05/03/2024	32750	120323231	PROF SVCS THRU 4/17	\$17,189.00
DE NOVO PLANNING GROUP					Total Check Amount:	\$17,189.00
195262	SOUTHERN CALIFORNIA EDISON	05/03/2024	3343	110515144	ELECTRICITY MAR/APR	\$547.16
		05/03/2024	3343	110515121	ELECTRICITY MAR/APR	\$1,807.34
		05/03/2024	3343	110515141	ELECTRICITY MAR/APR	\$4,790.88
		05/03/2024	3343	360515145	ELECTRICITY MAR/APR	\$1,222.91
		05/03/2024	3343	110515143	ELECTRICITY MAR/APR	(\$374.10)
SOUTHERN CALIFORNIA EDISON					Total Check Amount:	\$7,994.19
195263	EPTURA, INC.	05/03/2024	32892	480515161	23/24 FLEET MGMT S/W	\$7,164.00
EPTURA, INC.					Total Check Amount:	\$7,164.00
195264	EVAN'S GUN WORLD	05/03/2024	32333	110212131	RANGE FEES MAR 2024	\$1,600.00
		05/03/2024	32333	110212131	RANGE FEES APR 2024	\$1,680.00
EVAN'S GUN WORLD					Total Check Amount:	\$3,280.00
195265	FALCON ACADEMY PTO	05/03/2024	32894	110	RENTAL DEPOSIT REFUND	\$500.00
FALCON ACADEMY PTO					Total Check Amount:	\$500.00
195266	FALCON ACADEMY PTO	05/03/2024	32894	110	LM24 PAYOUT (TICKETS)	\$21,706.00
FALCON ACADEMY PTO					Total Check Amount:	\$21,706.00
195267	FRONTIER COMMUNICATIONS	05/03/2024	26183	475141471	5621820146 4/16-5/15	\$42.20
FRONTIER COMMUNICATIONS					Total Check Amount:	\$42.20
195268	THE GAS COMPANY	05/03/2024	3749	490515151	GAS MAR/APR 2024	\$189.47
THE GAS COMPANY					Total Check Amount:	\$189.47
195269	MELISSA GRETTEMBERG	05/03/2024	32895	960000000	OCCMA GC FOR SPEAKERS	\$200.00
MELISSA GRETTEMBERG					Total Check Amount:	\$200.00
195270	HF&H CONSULTANTS, LLC	05/03/2024	27542	440515122	SB1383 SVCS MAR 2024	\$4,646.50
HF&H CONSULTANTS, LLC					Total Check Amount:	\$4,646.50
195271	HYDROPRO SOLUTIONS	05/03/2024	31845	420515131	WATER METERS+ENCODERS	\$13,126.98

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HYDROPRO SOLUTIONS					Total Check Amount:	\$13,126.98
195272	INTELLI-TECH	05/03/2024	8774	475141471	HP LJ 5700DN PRINTER	\$1,122.76
INTELLI-TECH					Total Check Amount:	\$1,122.76
195273	KANA PIPELINE, INC	05/03/2024	32727	510707476	ASSOC RD PP#1 JAN-MAR	\$82,175.00
KANA PIPELINE, INC					Total Check Amount:	\$82,175.00
195274	WILLIAM D. MADDEN	05/03/2024	32206	110323231	PLANNING COMM 4/23	\$50.00
WILLIAM D. MADDEN					Total Check Amount:	\$50.00
195275	MISSIONSQUARE RETIREMENT	05/03/2024	32141	150141482	RHS ACCTFEE JAN-MAR24	\$1,462.50
MISSIONSQUARE RETIREMENT					Total Check Amount:	\$1,462.50
195276	MONJARAS & WISMEYER GROUP INC.	05/03/2024	32179	110141481	PROF SVCS 9248 MAR24	\$1,575.00
MONJARAS & WISMEYER GROUP INC.					Total Check Amount:	\$1,575.00
195277	NEWGEN STRATEGIES & SOLUTIONS, LLC	05/03/2024	31442	430515123	SWR CONN/IMPACT FEES	\$600.00
		05/03/2024	31442	420515131	SWR CONN/IMPACT FEES	\$300.00
NEWGEN STRATEGIES & SOLUTIONS, LLC					Total Check Amount:	\$900.00
195278	OCCPSA	05/03/2024	25337	110212111	CHIEF&ADMIN LUNCHEON	\$65.00
OCCPSA					Total Check Amount:	\$65.00
195279	P.L. HAWN COMPANY, INC.	05/03/2024	10742	490515151	HVAC FILTERS	\$3,466.98
P.L. HAWN COMPANY, INC.					Total Check Amount:	\$3,466.98
195280	PEOPLE SPACE	05/03/2024	28721	110404311	OFFICE CHAIRS	\$1,136.01
PEOPLE SPACE					Total Check Amount:	\$1,136.01
195281	BLAKE SCOTT PEREZ	05/03/2024	32207	110323231	PLANNING COMM 4/23	\$50.00
BLAKE SCOTT PEREZ					Total Check Amount:	\$50.00
195282	PTM DOCUMENT SYSTEMS	05/03/2024	17036	110141431	WARRANTS-CITY [BLUE]	\$888.94
PTM DOCUMENT SYSTEMS					Total Check Amount:	\$888.94
195283	SUSAN SAXE-CLIFFORD, PH.D.	05/03/2024	22693	110141481	EMPL EVAL 4/18/24	\$800.00
		05/03/2024	22693	110141481	EMPL EVAL 4/25/24	\$400.00
SUSAN SAXE-CLIFFORD, PH.D.					Total Check Amount:	\$1,200.00
195284	MELANIE SCHLOTTERBECK	05/03/2024	27608	110323231	PLANNING COMM 4/23	\$50.00
MELANIE SCHLOTTERBECK					Total Check Amount:	\$50.00
195285	SOUTH COAST EMERGENCY VEHICLE SVC	05/03/2024	31883	480515161	EMERG POWER UNIT RPR	\$2,787.39
SOUTH COAST EMERGENCY VEHICLE SVC					Total Check Amount:	\$2,787.39
195286	CF UNITED LLC	05/03/2024	30700	480515161	CARWASH MAR 2024	\$83.60
		05/03/2024	30700	480515161	CARWASH FEB24 BALANCE	\$1.00
CF UNITED LLC					Total Check Amount:	\$84.60
195287	UNITED RENTALS NORTHWEST, INC.	05/03/2024	7051	110515144	LIFT RENTAL	\$1,423.76
UNITED RENTALS NORTHWEST, INC.					Total Check Amount:	\$1,423.76
195288	VERITIV OPERATING COMPANY	05/03/2024	26806	110141441	FUEL SURCHARGE	\$8.08
VERITIV OPERATING COMPANY					Total Check Amount:	\$8.08

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195289	WESTERN EXTRICATION SPECIALISTS INC	05/03/2024	29474	110222221	EXTRICATOR SVC 4/19	\$2,275.69
WESTERN EXTRICATION SPECIALISTS INC						Total Check Amount: \$2,275.69
195290	XEROX CORPORATION	05/03/2024	3349	110141441	BLACK CPR/PRNTR MAR24	\$287.76
		05/03/2024	3349	110141441	PRNTCHGS DEC23-MAR24	\$951.64
		05/03/2024	3349	110141441	TRMR/FLDR SWMNT MAR24	\$116.00
		05/03/2024	3349	110141441	VR280STND MAR 2024	\$478.41
		05/03/2024	3349	110141441	UDIRECTS MNT MAR 2024	\$151.27
		05/03/2024	3349	110141441	VR280PR USAGE MAR24	\$1,234.78
		05/03/2024	3349	110141441	VR280 PRESS MAR 2024	\$840.80
XEROX CORPORATION						Total Check Amount: \$4,060.66
Check Subtotal						\$283,359.22
V55235	ACTIVE NETWORK, LLC.	05/03/2024	14295	110404211	24/25 CONNECT S/W	\$2,400.00
ACTIVE NETWORK, LLC.						Total Check Amount: \$2,400.00
V55236	ADCO ROOFING. INC.	05/03/2024	18878	465515149	ROOF REPAIR - BHGC	\$1,175.00
ADCO ROOFING. INC.						Total Check Amount: \$1,175.00
V55237	AFLAC-ACCOUNT #EZA73	05/03/2024	22923	110	ACC/CANCER INS APR24	\$1,051.66
AFLAC-ACCOUNT #EZA73						Total Check Amount: \$1,051.66
V55238	LARRY ALANIS	05/03/2024	32661	110404424	UMPIRE FEE 4/21-4/22	\$238.00
LARRY ALANIS						Total Check Amount: \$238.00
V55239	ANAHI LIZBETH ALFEREZ	05/03/2024	31484	110212111	FIELD OFFICER TRNG	\$40.00
ANAHI LIZBETH ALFEREZ						Total Check Amount: \$40.00
V55240	ALL CITY MANAGEMENT SERVICES INC	05/03/2024	6604	110212132	CROSNR GRDS 3/31-4/13	\$1,715.63
ALL CITY MANAGEMENT SERVICES INC						Total Check Amount: \$1,715.63
V55241	AMERICAN VETERAN LIGHTING, INC.	05/03/2024	31163	490515151	LIGHTING	\$234.54
AMERICAN VETERAN LIGHTING, INC.						Total Check Amount: \$234.54
V55242	ASBURY ENVIRONMENTAL SERVICES	05/03/2024	9144	480515161	OIL DISPOSAL	\$100.00
ASBURY ENVIRONMENTAL SERVICES						Total Check Amount: \$100.00
V55243	BADGE FRAME, INC.	05/03/2024	24424	110	NAMEPLATE S/TAX	(\$1.01)
		05/03/2024	24424	110212111	NAMEPLATE	\$24.01
BADGE FRAME, INC.						Total Check Amount: \$23.00
V55244	THE BANK OF NEW YORK MELLON	05/03/2024	16062	930141424	CONTRL ACCT JAN-MAR24	\$3,126.62
THE BANK OF NEW YORK MELLON						Total Check Amount: \$3,126.62
V55245	BEST LAWN MOWER SERVICE	05/03/2024	16230	480515161	TRIMMER HEADS	\$362.52
BEST LAWN MOWER SERVICE						Total Check Amount: \$362.52
V55246	BIG BROTHERS BIG SISTERS	05/03/2024	32589	902009100	PROGRAM STAFF FEB24	\$3,305.04
		05/03/2024	32589	902009100	PROGRAM STAFF JAN24	\$3,598.21
		05/03/2024	32589	902009100	PROGRAM STAFF MAR24	\$3,344.78

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BIG BROTHERS BIG SISTERS					Total Check Amount:	\$10,248.03
V55247	BOYS & GIRLS CLUBS	05/03/2024	32583	902009107	PROGRAM STAFF DEC23	\$6,257.71
		05/03/2024	32583	902009107	PROGRAM STAFF JAN24	\$10,333.81
		05/03/2024	32583	902009107	PROGRAM EXP DEC23	\$485.23
		05/03/2024	32583	902009107	PROGRAM EXP FEB24	\$1,063.94
		05/03/2024	32583	902009107	PROGRAM STAFF FEB24	\$10,440.33
		05/03/2024	32583	902009107	PROGRAM EXP JAN24	\$468.94
BOYS & GIRLS CLUBS					Total Check Amount:	\$29,049.96
V55248	BREA DISPOSAL, INC	05/03/2024	3330	440515122	MAR 2024 RES TONNAGE	\$83,955.73
BREA DISPOSAL, INC					Total Check Amount:	\$83,955.73
V55249	BREA/ORANGE COUNTY PLUMBING	05/03/2024	3781	110515141	MAINLINE CLEAN OUT	\$1,985.00
BREA/ORANGE COUNTY PLUMBING					Total Check Amount:	\$1,985.00
V55250	BUTLER CHEMICALS, INC.	05/03/2024	6515	490515151	SR CTR D/W SVC MAR24	\$199.34
BUTLER CHEMICALS, INC.					Total Check Amount:	\$199.34
V55251	C. WELLS PIPELINE MATERIALS INC	05/03/2024	13055	110515143	BACKFLOWS IN LANDSCPE	\$5,125.13
C. WELLS PIPELINE MATERIALS INC					Total Check Amount:	\$5,125.13
V55252	CLINICAL LABORATORY OF	05/03/2024	3390	420515131	WATER QUALITY MAR24	\$1,356.00
CLINICAL LABORATORY OF					Total Check Amount:	\$1,356.00
V55253	COMLOCK SECURITY-GROUP	05/03/2024	13625	490515151	KEYS	\$32.76
COMLOCK SECURITY-GROUP					Total Check Amount:	\$32.76
V55254	COMMUNICATIONS LAB	05/03/2024	32590	902009100	PROF SVCS MAR 2024	\$4,000.00
COMMUNICATIONS LAB					Total Check Amount:	\$4,000.00
V55255	DANIELS TIRE SERVICE	05/03/2024	3133	480515161	TIRES	\$640.87
DANIELS TIRE SERVICE					Total Check Amount:	\$640.87
V55256	DELTA DENTAL INSURANCE COMPANY	05/03/2024	26074	110	78395 DENTALHMO MAY24	\$1,820.16
DELTA DENTAL INSURANCE COMPANY					Total Check Amount:	\$1,820.16
V55257	ROBERTA ANN DIRKS	05/03/2024	32861	110212111	EXEC ASST TRNG	\$124.00
ROBERTA ANN DIRKS					Total Check Amount:	\$124.00
V55258	ENTENMANN ROVIN COMPANY	05/03/2024	3457	110212111	BADGE REPAIR	\$86.85
ENTENMANN ROVIN COMPANY					Total Check Amount:	\$86.85
V55259	EQUIPMENT DIRECT INC	05/03/2024	4522	110515141	SAFETY EQUIPMENT	\$31.68
		05/03/2024	4522	430515123	SAFETY GEAR	\$238.02
EQUIPMENT DIRECT INC					Total Check Amount:	\$269.70
V55260	GREGORY JOSEPH FAESSEL	05/03/2024	32858	110212111	POST MGMT COURSE #2	\$154.00
GREGORY JOSEPH FAESSEL					Total Check Amount:	\$154.00
V55261	FLEET SERVICES	05/03/2024	5658	480515161	CONTROL VALVE	\$210.30
FLEET SERVICES					Total Check Amount:	\$210.30
V55262	HAAKER EQUIPMENT CO.	05/03/2024	4297	480515161	LEAK REPAIRS	\$4,827.66

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HAAKER EQUIPMENT CO.					Total Check Amount:	\$4,827.66
V55263	KEVIN LEE HAINES	05/03/2024	32887	110222231	TRAINING EXPENSES	\$168.96
KEVIN LEE HAINES					Total Check Amount:	\$168.96
V55264	GABRIEL HANNAH	05/03/2024	17533	110404424	UMPIRE FEE 4/22/24	\$102.00
GABRIEL HANNAH					Total Check Amount:	\$102.00
V55265	HCI SYSTEMS INC	05/03/2024	25112	490515151	KITCHEN HOOD INSP BCC	\$847.00
		05/03/2024	25112	490515151	SPRINKLER INSP BCC	\$846.00
		05/03/2024	25112	490515151	SPRINKLER INSP CCC	\$846.00
HCI SYSTEMS INC					Total Check Amount:	\$2,539.00
V55266	HOLLY ELECTRIC INC.	05/03/2024	27530	344515112	LIGHT POLE RPR #112	\$662.36
HOLLY ELECTRIC INC.					Total Check Amount:	\$662.36
V55267	HOMELESS INTERVENTION SVCS OF OC	05/03/2024	32581	902009100	PROGRAM STAFF DEC23	\$2,272.72
		05/03/2024	32581	902009100	PROGRAM STAFF FEB24	\$2,380.95
		05/03/2024	32581	902009100	PROGRAM STAFF NOV23	\$2,272.72
		05/03/2024	32581	902009100	PROGRAM STAFF OCT23	\$2,272.72
		05/03/2024	32581	902009100	PROGRAM EXP JAN24	\$500.00
		05/03/2024	32581	902009100	PROGRAM EXP MAR24	\$92.60
		05/03/2024	32581	902009100	PROGRAM EXP NOV23	\$22,500.00
		05/03/2024	32581	902009100	PROGRAM EXP OCT23	\$1,103.78
		05/03/2024	32581	902009100	PROGRAM STAFF JAN24	\$2,380.95
		05/03/2024	32581	902009100	PROGRAM EXP FEB24	\$736.36
		05/03/2024	32581	902009100	PROGRAM STAFF MAR24	\$2,380.95
HOMELESS INTERVENTION SVCS OF OC					Total Check Amount:	\$38,893.75
V55268	HOPE BUILDERS	05/03/2024	32608	902009100	PROGRAM STAFF OCT-DEC	\$13,075.35
HOPE BUILDERS					Total Check Amount:	\$13,075.35
V55269	INLAND ROUND BALL OFFICIALS INC.	05/03/2024	31906	110404424	REFEREE FEE 4/21-4/23	\$1,060.00
INLAND ROUND BALL OFFICIALS INC.					Total Check Amount:	\$1,060.00
V55270	K PRO STONE CARE	05/03/2024	20535	110404211	BCC TILE CLEAN+RESEAL	\$4,887.50
K PRO STONE CARE					Total Check Amount:	\$4,887.50
V55271	KIMBALL MIDWEST	05/03/2024	23053	480515161	NUTS+BOLTS	\$386.90
KIMBALL MIDWEST					Total Check Amount:	\$386.90
V55272	RYAN JOSEPH KLUG	05/03/2024	29363	110212111	CANCEL-ACTIVE SHOOTER	(\$24.00)
		05/03/2024	29363	110212111	FIELD OFFICER TRNG	\$40.00
RYAN JOSEPH KLUG					Total Check Amount:	\$16.00
V55273	DAVID KUSSMAN	05/03/2024	31446	110212111	RADAR OPERATOR TRNG	\$24.00
DAVID KUSSMAN					Total Check Amount:	\$24.00
V55274	LAKIN TIRE WEST, INC.	05/03/2024	12286	480515161	TIRE DISPOSAL	\$643.06
LAKIN TIRE WEST, INC.					Total Check Amount:	\$643.06

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V55275	LIEBERT CASSIDY WHITMORE	05/03/2024	2489	110141481	PROF SVCS 00025 MAR24	\$337.50
		05/03/2024	2489	110141481	PROF SVCS 00022 MAR24	\$174.00
LIEBERT CASSIDY WHITMORE					Total Check Amount:	\$511.50
V55276	TINA M MEYER	05/03/2024	12786	110212111	TRAINING MILEAGE	\$68.61
TINA M MEYER					Total Check Amount:	\$68.61
V55277	MUNICIPAL DENTAL POOL	05/03/2024	30638	110	DELTA DENTAL MAY 2024	\$17,952.88
MUNICIPAL DENTAL POOL					Total Check Amount:	\$17,952.88
V55278	NICKEY PETROLEUM CO., INC.	05/03/2024	6667	480515161	OIL	\$1,728.09
NICKEY PETROLEUM CO., INC.					Total Check Amount:	\$1,728.09
V55279	PATHWAYS OF HOPE	05/03/2024	32585	902009104	PROGRAM STAFF MAR24	\$896.04
		05/03/2024	32585	902009104	PROGRAM EXP MAR24	\$7,023.42
PATHWAYS OF HOPE					Total Check Amount:	\$7,919.46
V55280	PRIME SYSTEMS INDUSTRIAL AUTOMATION	05/03/2024	27059	420515131	SCADA SUPPORT	\$850.29
		05/03/2024	27059	420515131	SCADA TROUBLESHOOTING	\$3,226.29
PRIME SYSTEMS INDUSTRIAL AUTOMATION					Total Check Amount:	\$4,076.58
V55281	PROJECT YOUTH OC	05/03/2024	32614	902009100	PROGRAM STAFF MAR24	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF SEPT23	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF DEC23	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF JAN24	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF FEB24	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF NOV23	\$2,272.50
		05/03/2024	32614	902009100	PROGRAM STAFF OCT23	\$2,272.50
PROJECT YOUTH OC					Total Check Amount:	\$15,907.50
V55282	QUALITY PLACEMENT AUTHORITY, LLC	05/03/2024	27027	420141421	TEMP STAFF 4/14/24	\$660.96
		05/03/2024	27027	110141431	TEMP STAFF 4/21/24	\$660.96
		05/03/2024	27027	420141421	TEMP STAFF 4/21/24	\$660.96
		05/03/2024	27027	110141431	TEMP STAFF 4/14/24	\$660.96
QUALITY PLACEMENT AUTHORITY, LLC					Total Check Amount:	\$2,643.84
V55283	QUINN COMPANY	05/03/2024	12380	480515161	REGULATOR	\$209.04
QUINN COMPANY					Total Check Amount:	\$209.04
V55284	RICHARDS, WATSON & GERSHON	05/03/2024	8978	430515123	9999 GEN LGL SVCS FEB	\$320.25
		05/03/2024	8978	110111112	9999 GEN LGL SVCS FEB	\$23,032.70
		05/03/2024	8978	420141421	9999 GEN LGL SVCS FEB	\$320.25
		05/03/2024	8978	840141412	9999 GEN LGL SVCS FEB	\$736.00
		05/03/2024	8978	110212111	197 PITCHESSMTN FEB24	\$175.80
		05/03/2024	8978	280323215	0116 REIMB WORK FEB24	\$11,895.50
		05/03/2024	8978	110111112	0001 GEN LGL SVCS FEB	\$11,520.73
RICHARDS, WATSON & GERSHON					Total Check Amount:	\$48,001.23

City Disbursement Register

Between Apr 29, 2024 12:00 AM and May 3, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V55285	SHAMBHALA MARTIAL ARTS INC	05/03/2024	28430	110404145	KIDS TAEKWONDO	\$25.00
SHAMBHALA MARTIAL ARTS INC					Total Check Amount:	\$25.00
V55286	SIGNARAMA OF ANAHEIM	05/03/2024	12440	110515141	MEM PLQ-J.BODNARSMITH	\$76.30
SIGNARAMA OF ANAHEIM					Total Check Amount:	\$76.30
V55287	CONNOR MICHAEL GLENN SPENCER	05/03/2024	31422	110212111	FIELD OFFICER TRNG	\$40.00
CONNOR MICHAEL GLENN SPENCER					Total Check Amount:	\$40.00
V55288	TACTICAL FIRE EQUIPMENT LLC	05/03/2024	32569	110	HOSE COUPLINGS S/TAX	(\$81.50)
		05/03/2024	32569	110222221	HOSE COUPLINGS	\$1,258.55
TACTICAL FIRE EQUIPMENT LLC					Total Check Amount:	\$1,177.05
V55289	TENNIS ANYONE ACADEMY	05/03/2024	12688	110404145	TENNIS LESSONS	\$603.00
TENNIS ANYONE ACADEMY					Total Check Amount:	\$603.00
V55290	UKG KRONOS SYSTEMS LLC	05/03/2024	22688	475141471	24/25 TELESTAFF SUPP	\$4,940.17
UKG KRONOS SYSTEMS LLC					Total Check Amount:	\$4,940.17
V55291	UNITED ROTARY BRUSH CORPORATION	05/03/2024	16649	480515161	SWEEPER BROOMS	\$409.45
UNITED ROTARY BRUSH CORPORATION					Total Check Amount:	\$409.45
V55292	WALTERS WHOLESALE ELECTRIC	05/03/2024	1667	490515151	ELECTRICAL PARTS	\$52.26
WALTERS WHOLESALE ELECTRIC					Total Check Amount:	\$52.26
V55293	STEVEN R WULFF	05/03/2024	30415	110212111	FIELD OFFICER TRNG	\$40.00
STEVEN R WULFF					Total Check Amount:	\$40.00
Voucher Subtotal						\$323,393.30
TOTAL						\$606,752.52

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
195291	AEP SERVICES	05/10/2024	30268	110212131	K9 TRAINING APR24	\$400.00
AEP SERVICES					Total Check Amount:	\$400.00
195292	APC ENTERTAINMENT	05/10/2024	32903	110404542	MS24 SAM COOKE STORY	\$1,000.00
APC ENTERTAINMENT					Total Check Amount:	\$1,000.00
195293	BRANDWELL	05/10/2024	32326	110404311	LOVEBR SHIRTS-SISCITY	\$600.00
		05/10/2024	32326	110404523	LOVEBREA SHIRTS	\$4,581.43
BRANDWELL					Total Check Amount:	\$5,181.43
195294	CALIF BUILDING STANDARDS COMMISSION	05/10/2024	20578	110	GRN BLDG FEE 23/24 Q3	\$1,774.00
		05/10/2024	20578	110000000	GBF 10% 23/24 Q3	(\$177.40)
CALIF BUILDING STANDARDS COMMISSION					Total Check Amount:	\$1,596.60
195295	CARBON HEALTH MEDICAL GROUP	05/10/2024	31936	110141481	HR MED SVCS FEB 2024	\$355.00
CARBON HEALTH MEDICAL GROUP					Total Check Amount:	\$355.00
195296	CGM DEVELOPMENT, LLC	05/10/2024	32901	840000000	REFUND-PLN2023-00056	\$742.30
CGM DEVELOPMENT, LLC					Total Check Amount:	\$742.30
195297	JOSEPHINE CLOSE	05/10/2024	32902	110	TTD24 ARTWORK SALES	\$525.00
JOSEPHINE CLOSE					Total Check Amount:	\$525.00
195298	COMMERCIAL AQUATIC SERVICES, INC.	05/10/2024	25513	110404422	POOL CHEMICALS	\$963.00
COMMERCIAL AQUATIC SERVICES, INC.					Total Check Amount:	\$963.00
195299	CRASH CHAMPIONS-BREA	05/10/2024	31635	480515161	ACCIDENT REPAIR #2108	\$1,486.70
CRASH CHAMPIONS-BREA					Total Check Amount:	\$1,486.70
195300	CREATE A PARTY RENTALS	05/10/2024	7113	110404523	LOVE BREA RENTALS	\$2,195.12
CREATE A PARTY RENTALS					Total Check Amount:	\$2,195.12
195301	DELTA T HVAC, INC.	05/10/2024	28265	490515151	BCC HVAC UNIT 6 RPR	\$950.00
DELTA T HVAC, INC.					Total Check Amount:	\$950.00
195302	DEPARTMENT OF CONSERVATION	05/10/2024	2278	110	STRNGMTN FEE 23/24 Q3	\$10,552.75
		05/10/2024	2278	110000000	SM FEES 5% 23/24 Q3	(\$527.64)
DEPARTMENT OF CONSERVATION					Total Check Amount:	\$10,025.11
195303	SOUTHERN CALIFORNIA EDISON	05/10/2024	3343	430515123	ELECTRICITY	\$21.74
		05/10/2024	3343	110515121	ELECTRICITY	\$23,562.19
		05/10/2024	3343	420515131	ELECTRICITY	\$52,557.69
		05/10/2024	3343	490515151	ELECTRICITY	\$1,555.97
SOUTHERN CALIFORNIA EDISON					Total Check Amount:	\$77,697.59
195304	FAST START SAFETY, INC.	05/10/2024	32452	110515141	TRAINING 9/19-9/20/23	\$285.00
		05/10/2024	32452	420515131	TRAINING 9/19-9/20/23	\$1,045.00
		05/10/2024	32452	490515151	TRAINING 9/19-9/20/23	\$760.00
		05/10/2024	32452	430515123	TRAINING 9/19-9/20/23	\$475.00
		05/10/2024	32452	480515161	TRAINING 9/19-9/20/23	\$95.00
FAST START SAFETY, INC.					Total Check Amount:	\$2,660.00

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
195305	FT SHADEWORKS	05/10/2024	31522	181404250	BCC SHADE REPAIR	\$2,431.65
FT SHADEWORKS						Total Check Amount: \$2,431.65
195306	FRANCIS GERARD BUSA GACAD	05/10/2024	31521	110404541	MICA24 PHOTOGRAPHY	\$350.00
FRANCIS GERARD BUSA GACAD						Total Check Amount: \$350.00
195307	HYDROPRO SOLUTIONS	05/10/2024	31845	420515131	WATER METERS+ENCODERS	\$2,382.27
HYDROPRO SOLUTIONS						Total Check Amount: \$2,382.27
195308	INTIME SOLUTIONS INC.	05/10/2024	20876	950000000	ILJAO ISE TEXT APR24	\$4,013.76
INTIME SOLUTIONS INC.						Total Check Amount: \$4,013.76
195309	KEVIN MALONE	05/10/2024	32214	110404541	MICA24 BARTENDING SVC	\$350.00
KEVIN MALONE						Total Check Amount: \$350.00
195310	MARIPOSA LANDSCAPES, INC.	05/10/2024	27959	110515148	CITY FAC/TRAILS APR24	\$2,120.27
		05/10/2024	27959	110515143	CITY FAC/TRAILS APR24	\$5,954.32
		05/10/2024	27959	361515148	CITY FAC/TRAILS APR24	\$115.49
MARIPOSA LANDSCAPES, INC.						Total Check Amount: \$8,190.08
195311	MIDAS EVENT SUPPLY	05/10/2024	23958	110404211	TABLES/CHAIRS	\$498.97
		05/10/2024	23958	181404250	TABLES/CHAIRS	\$1,000.00
MIDAS EVENT SUPPLY						Total Check Amount: \$1,498.97
195312	MOLD SOLUTIONZ 24/7	05/10/2024	32221	465515149	BHGC WATER LEAK RPR	\$5,850.00
MOLD SOLUTIONZ 24/7						Total Check Amount: \$5,850.00
195313	MUNICIPAL MAINTENANCE EQUIPMENT INC	05/10/2024	27986	480515161	EYE BOLTS	\$159.04
		05/10/2024	27986	480515161	CREDIT 3/12/2024	(\$148.47)
		05/10/2024	27986	480515161	SPRING KIT	\$132.93
MUNICIPAL MAINTENANCE EQUIPMENT INC						Total Check Amount: \$143.50
195314	OC WRAPS, INC.	05/10/2024	32433	110404541	MICA 2024 WINDOW SIGN	\$554.06
OC WRAPS, INC.						Total Check Amount: \$554.06
195315	ODP BUSINESS SOLUTIONS, LLC	05/10/2024	31709	110141441	OFFICE SUPPLIES	\$164.28
		05/10/2024	31709	110141441	WRAP BUBBLE DISPENSER	\$38.67
ODP BUSINESS SOLUTIONS, LLC						Total Check Amount: \$202.95
195316	OLDCASTLE INFRASTRUCTURE, INC.	05/10/2024	32701	410515124	DRAIN INSPECTION	\$500.00
OLDCASTLE INFRASTRUCTURE, INC.						Total Check Amount: \$500.00
195317	ORCHESTRA COLLECTIVE OF ORANGE CTY	05/10/2024	27575	110	LAF24 PAYOUT (2 PERF)	\$3,469.34
ORCHESTRA COLLECTIVE OF ORANGE CTY						Total Check Amount: \$3,469.34
195318	ORIGINAL EQUIPMENT AUTO SUPPLY	05/10/2024	32413	480515161	WIPER BLADES	\$11.91
		05/10/2024	32413	480515161	BATTERY	\$119.08
ORIGINAL EQUIPMENT AUTO SUPPLY						Total Check Amount: \$130.99
195319	P.L. HAWN COMPANY, INC.	05/10/2024	10742	490515151	HVAC FILTERS - BCC	\$195.50
P.L. HAWN COMPANY, INC.						Total Check Amount: \$195.50

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
195320	PUENTE HILLS FORD	05/10/2024	25742	480515161	ADHESIVE	\$25.32
		05/10/2024	25742	480515161	HOSE KIT	\$57.49
PUENTE HILLS FORD					Total Check Amount:	\$82.81
195321	RIO HONDO COLLEGE	05/10/2024	6124	110222231	PC 832 ARREST CLASS	\$118.55
RIO HONDO COLLEGE					Total Check Amount:	\$118.55
195322	SUSAN SAXE-CLIFFORD, PH.D.	05/10/2024	22693	110141481	EMPL EVAL 4/29/24	\$400.00
		05/10/2024	22693	110141481	EMPL EVAL 5/2/24	\$400.00
SUSAN SAXE-CLIFFORD, PH.D.					Total Check Amount:	\$800.00
195323	SHOP TPMS	05/10/2024	32801	480	TIRE SENSORS S/TAX	(\$15.50)
		05/10/2024	32801	480515161	TIRE SENSORS	\$215.50
SHOP TPMS					Total Check Amount:	\$200.00
195324	SOUTH COAST EMERGENCY VEHICLE SVC	05/10/2024	31883	480515161	LADDER REPAIR #27008	\$70,653.32
		05/10/2024	31883	480515161	LADDER RPR MATERIALS	(\$31,203.66)
SOUTH COAST EMERGENCY VEHICLE SVC					Total Check Amount:	\$39,449.66
195325	TESS ELECTRIC INC	05/10/2024	31488	420515131	VF DRIVE REPL BP #2	\$7,000.00
TESS ELECTRIC INC					Total Check Amount:	\$7,000.00
195326	T-MOBILE	05/10/2024	24748	110212121	GPS LOCATE 4/8-4/19	\$115.00
T-MOBILE					Total Check Amount:	\$115.00
195327	TREECO ARBORIST, INC.	05/10/2024	3838	110515141	SOIL	\$123.41
TREECO ARBORIST, INC.					Total Check Amount:	\$123.41
195328	UNIFIRST CORPORATION	05/10/2024	27988	420515131	UNIFORM SVCS APR 2024	\$170.70
		05/10/2024	27988	430515123	UNIFORM SVCS APR 2024	\$51.45
		05/10/2024	27988	110515143	UNIFORM SVCS APR 2024	\$15.00
		05/10/2024	27988	360515145	UNIFORM SVCS APR 2024	\$11.10
		05/10/2024	27988	110515121	UNIFORM SVCS APR 2024	\$72.90
		05/10/2024	27988	480515161	UNIFORM SVCS APR 2024	\$142.03
		05/10/2024	27988	110515141	UNIFORM SVCS APR 2024	\$547.20
		05/10/2024	27988	110515144	UNIFORM SVCS APR 2024	\$32.75
UNIFIRST CORPORATION					Total Check Amount:	\$1,043.13
195329	VERITIV OPERATING COMPANY	05/10/2024	26806	110141441	PAPER	\$3,103.20
VERITIV OPERATING COMPANY					Total Check Amount:	\$3,103.20
195330	WITTEN ENGINEERING INC.	05/10/2024	32623	110515111	OIL SITE ANALYSIS	\$44,000.00
WITTEN ENGINEERING INC.					Total Check Amount:	\$44,000.00
195331	YOUNGBLOOD & ASSOCIATES	05/10/2024	24905	110141481	POLYGRAPH JAN/FEB24	\$3,500.00
YOUNGBLOOD & ASSOCIATES					Total Check Amount:	\$3,500.00
Check Subtotal						\$235,576.68
V55294	ACADEMY 831, LLC	05/10/2024	28694	110404145	INTRO TO BALLET	\$175.00

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
ACADEMY 831, LLC						Total Check Amount: \$175.00
V55295	ADMINISTRATIVE & PROF	05/10/2024	3344	110	4010 APEA MEMB 050324	\$576.00
ADMINISTRATIVE & PROF						Total Check Amount: \$576.00
V55296	THE ADVANTAGE GROUP	05/10/2024	24539	110	808B FSADEPCAR 050324	\$2,252.26
		05/10/2024	24539	110	808C FSA URMED 050324	\$6,015.07
THE ADVANTAGE GROUP						Total Check Amount: \$8,267.33
V55297	ANNA CHAVEZ AGUSTIN	05/10/2024	31862	110404215	ZUMBA	\$510.00
ANNA CHAVEZ AGUSTIN						Total Check Amount: \$510.00
V55298	LARRY ALANIS	05/10/2024	32661	110404424	UMPIRE FEE 4/28-4/29	\$238.00
LARRY ALANIS						Total Check Amount: \$238.00
V55299	ANAHI LIZBETH ALFEREZ	05/10/2024	31484	110212111	ACAD INST CERT COURSE	\$40.00
ANAHI LIZBETH ALFEREZ						Total Check Amount: \$40.00
V55300	JUDY ALLEN	05/10/2024	20447	110404215	PERSONAL TRAINER	\$259.20
		05/10/2024	20447	110404215	BODY PUMP/PILATES/SS	\$420.00
JUDY ALLEN						Total Check Amount: \$679.20
V55301	ALLSTAR FIRE EQUIPMENT	05/10/2024	8353	110222221	SCBA	\$187.48
ALLSTAR FIRE EQUIPMENT						Total Check Amount: \$187.48
V55302	ALTA LANGUAGE SERVICES, INC	05/10/2024	25953	110141481	BILINGUAL TEST (IVR)	\$165.00
ALTA LANGUAGE SERVICES, INC						Total Check Amount: \$165.00
V55303	AMERICAN VETERAN LIGHTING, INC.	05/10/2024	31163	490515152	LED RETRO BCC PLYGRND	\$2,989.40
AMERICAN VETERAN LIGHTING, INC.						Total Check Amount: \$2,989.40
V55304	ANAHEIM GLASS, INC.	05/10/2024	21760	490515151	ARTGALLERY WNDOW REPL	\$3,049.13
ANAHEIM GLASS, INC.						Total Check Amount: \$3,049.13
V55305	ARC IMAGING RESOURCES	05/10/2024	23273	110404211	PLOTTER SUPPLIES	\$651.38
ARC IMAGING RESOURCES						Total Check Amount: \$651.38
V55306	AVCOGAS PROPANE SALES & SERVICES	05/10/2024	22047	480515161	PROPANE 60 GALS	\$166.90
AVCOGAS PROPANE SALES & SERVICES						Total Check Amount: \$166.90
V55307	AZTECA SYSTEMS, LLC	05/10/2024	24556	110515111	CWOL CONSULT 4/15-17	\$225.00
AZTECA SYSTEMS, LLC						Total Check Amount: \$225.00
V55308	BAB STEERING HYDRAULICS INC.	05/10/2024	18365	480515161	AIRCOMP GOVERNOR RPR	\$253.37
		05/10/2024	18365	480515161	SPRING HANGER REPAIR	\$799.78
BAB STEERING HYDRAULICS INC.						Total Check Amount: \$1,053.15
V55309	ROBYN BAKER	05/10/2024	32891	110404215	PILATES	\$30.00
ROBYN BAKER						Total Check Amount: \$30.00
V55310	CHRISTINE BOATNER	05/10/2024	18460	110404215	BODY PUMP	\$28.00
CHRISTINE BOATNER						Total Check Amount: \$28.00
V55311	BPSEA MEMORIAL FOUNDATION	05/10/2024	14990	110	4050 MEMORIAL 050324	\$123.00

City Disbursement Register

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
BPSEA MEMORIAL FOUNDATION					Total Check Amount:	\$123.00
V55312	BREA CITY EMPLOYEES ASSOCIATION	05/10/2024	3236	110	4005 BCEA MEMB 050324	\$768.00
BREA CITY EMPLOYEES ASSOCIATION					Total Check Amount:	\$768.00
V55313	BREA FIREFIGHTERS ASSOCIATION	05/10/2024	3237	110	4016 ASSOCMEMB 050324	\$3,579.00
BREA FIREFIGHTERS ASSOCIATION					Total Check Amount:	\$3,579.00
V55314	BREA POLICE ASSOCIATION	05/10/2024	3769	110	4030 BPA REG 050324	\$3,550.00
BREA POLICE ASSOCIATION					Total Check Amount:	\$3,550.00
V55315	BREA POLICE ATHLETIC LEAGUE	05/10/2024	1068	110	5010 B.P.A.L. 050324	\$127.50
BREA POLICE ATHLETIC LEAGUE					Total Check Amount:	\$127.50
V55316	BREA POLICE MANAGEMENT ASSOCIATION	05/10/2024	21189	110	4020 PMA MEMB 050324	\$195.00
		05/10/2024	21189	110	4019 LDF MEMB 050324	\$66.50
BREA POLICE MANAGEMENT ASSOCIATION					Total Check Amount:	\$261.50
V55317	KATHY A BREAUX	05/10/2024	5320	110404145	PENCILS+PASTELS	\$238.00
KATHY A BREAUX					Total Check Amount:	\$238.00
V55318	MARIA ELENA CABRERA	05/10/2024	32813	110404215	ZUMBA	\$90.00
MARIA ELENA CABRERA					Total Check Amount:	\$90.00
V55319	CALIFORNIA DOMESTIC WATER CO	05/10/2024	3388	420515131	WTR CONSUMPTION APR24	\$329,051.74
CALIFORNIA DOMESTIC WATER CO					Total Check Amount:	\$329,051.74
V55320	CANNINGS ACE HARDWARE	05/10/2024	15828	480515161	VINYL TUBING	\$21.43
CANNINGS ACE HARDWARE					Total Check Amount:	\$21.43
V55321	CANON FINANCIAL SERVICES, INC.	05/10/2024	20648	110141441	PRNTCHGS FS1-4 NOV23	\$81.73
		05/10/2024	20648	110141441	CPRLEASE FS1-4 DEC23	\$101.28
		05/10/2024	20648	110141441	PRNTCHGS PW/BRC NOV23	\$69.96
		05/10/2024	20648	110141441	CPRLEASE PW/BRC DEC23	\$352.45
CANON FINANCIAL SERVICES, INC.					Total Check Amount:	\$605.42
V55322	CANON SOLUTIONS AMERICA, INC	05/10/2024	15260	110141441	COPIER LEASE APR 2024	\$1,072.12
		05/10/2024	15260	110141441	PRNT CHGS MAR 2024	\$566.00
CANON SOLUTIONS AMERICA, INC					Total Check Amount:	\$1,638.12
V55323	KATHERINE MARIE CHIDESTER	05/10/2024	29117	110404541	MILEAGE APR 2024	\$24.39
KATHERINE MARIE CHIDESTER					Total Check Amount:	\$24.39
V55324	COLONIAL LIFE PROCESSING CENTER	05/10/2024	26071	110	CRIT ILLNS INS APR24	\$1,791.88
		05/10/2024	26071	110	HOSPITAL INS APR24	\$882.42
		05/10/2024	26071	110	S/T DISAB INS APR24	\$8,777.54
		05/10/2024	26071	110	ACCIDENT INS APR24	\$4,802.60
		05/10/2024	26071	110	CANCER INSAPR24	\$3,439.02
COLONIAL LIFE PROCESSING CENTER					Total Check Amount:	\$19,693.46
V55325	COMLOCK SECURITY-GROUP	05/10/2024	13625	490515151	CCC CAM LOCKS	\$30.17
COMLOCK SECURITY-GROUP					Total Check Amount:	\$30.17

City Disbursement Register

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V55326	DANIELS TIRE SERVICE	05/10/2024	3133	480515161	TIRES	\$4,631.72
		05/10/2024	3133	480515161	WHEEL ALIGNMENT	\$119.00
DANIELS TIRE SERVICE					Total Check Amount:	\$4,750.72
V55327	DENALYN DAVID	05/10/2024	31642	110404215	YOGA	\$300.00
DENALYN DAVID					Total Check Amount:	\$300.00
V55328	KENNELYN MARAIANA DELOACH	05/10/2024	32788	110404541	MILEAGE MAR 2024	\$63.74
KENNELYN MARAIANA DELOACH					Total Check Amount:	\$63.74
V55329	LOUISE M. DIONNE	05/10/2024	26079	110212111	TRAINING EXPENSE	\$16.00
LOUISE M. DIONNE					Total Check Amount:	\$16.00
V55330	ECONOLITE SYSTEMS, INC.	05/10/2024	27147	110515121	E/O SIGNAL MNT DEC23	\$12,062.21
ECONOLITE SYSTEMS, INC.					Total Check Amount:	\$12,062.21
V55331	ELLIOT AUTO SUPPLY CO., INC.	05/10/2024	3504	480515161	WIPERS	\$73.49
ELLIOT AUTO SUPPLY CO., INC.					Total Check Amount:	\$73.49
V55332	ENTERPRISE SECURITY, INC.	05/10/2024	18042	475141471	24/25 VELOCITY SW MNT	\$1,307.32
ENTERPRISE SECURITY, INC.					Total Check Amount:	\$1,307.32
V55333	EQUIPMENT DIRECT INC	05/10/2024	4522	360515145	SAFETY EQUIPMENT	\$215.50
		05/10/2024	4522	430515123	SAFETY GEAR	\$151.55
		05/10/2024	4522	480515161	GLOVES	\$158.93
		05/10/2024	4522	110515141	SAFETY EQUIPMENT	\$203.14
		05/10/2024	4522	420515131	SAFETY GEAR	\$83.08
EQUIPMENT DIRECT INC					Total Check Amount:	\$812.20
V55334	ALYSSA RAE FELIPE	05/10/2024	32809	110404215	PERSONAL TRAINER	\$255.60
ALYSSA RAE FELIPE					Total Check Amount:	\$255.60
V55335	KATHLEEN R FENSTERMAKER	05/10/2024	32787	110404541	MILEAGE MAR 2024	\$48.24
KATHLEEN R FENSTERMAKER					Total Check Amount:	\$48.24
V55336	FIDELITY SECURITY LIFE INSURANCE	05/10/2024	23035	110	9827288 VISION MAY24	\$2,917.71
FIDELITY SECURITY LIFE INSURANCE					Total Check Amount:	\$2,917.71
V55337	FUN WITH HORSES	05/10/2024	15171	110404145	HORSE FUN	\$450.00
FUN WITH HORSES					Total Check Amount:	\$450.00
V55338	STACY GARCIA	05/10/2024	31680	110212111	TRAINING MILEAGE	\$34.45
		05/10/2024	31680	110212111	TRAINING EXPENSE	\$16.00
STACY GARCIA					Total Check Amount:	\$50.45
V55339	MELISSA GIARDINA	05/10/2024	32811	110404215	YOGA	\$252.00
MELISSA GIARDINA					Total Check Amount:	\$252.00
V55340	MELISSA GIFFORD	05/10/2024	10645	110404215	TRX	\$30.00
MELISSA GIFFORD					Total Check Amount:	\$30.00
V55341	MARY M. GRAHAM	05/10/2024	31478	110404215	YOGA	\$180.00
MARY M. GRAHAM					Total Check Amount:	\$180.00

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V55342	GUARANTEED JANITORIAL SERVICES, INC	05/10/2024	28695	110515125	APR24 JAN SVCS:DT	\$2,883.92
		05/10/2024	28695	490515151	APR24 DAY PORTERS:CCC	\$5,049.12
		05/10/2024	28695	490515151	APR24 JAN SVCS:P.HALL	\$1,197.83
		05/10/2024	28695	490515151	APR24 DAY PORTERS:BCC	\$5,049.13
		05/10/2024	28695	490515151	APR24 JAN SVCS:BCC	\$4,631.67
		05/10/2024	28695	490515151	APR24 JAN SVCS:CCC	\$9,656.25
		05/10/2024	28695	490515151	APR24 JAN SVCS:PLUNGE	\$179.16
		05/10/2024	28695	490515151	APR24 JAN SVCS:SR CTR	\$2,744.08
		05/10/2024	28695	490515151	APR24 JAN SVCS:YARD	\$1,299.25
GUARANTEED JANITORIAL SERVICES, INC					Total Check Amount:	\$32,690.41
V55343	GABRIEL HANNAH	05/10/2024	17533	110404424	UMPIRE FEE 4/29/2024	\$102.00
GABRIEL HANNAH					Total Check Amount:	\$102.00
V55344	HEATHER DANIELLE HARLESS	05/10/2024	31768	110404542	MIC HEADSETS PD W/ GC	\$47.59
HEATHER DANIELLE HARLESS					Total Check Amount:	\$47.59
V55345	MONA HERNANDEZ	05/10/2024	23114	110404215	MASSAGE THERAPY	\$1,089.70
MONA HERNANDEZ					Total Check Amount:	\$1,089.70
V55346	INLAND ROUNDBALL OFFICIALS INC.	05/10/2024	31906	110404424	REFEREE FEE 4/25-4/30	\$520.00
INLAND ROUNDBALL OFFICIALS INC.					Total Check Amount:	\$520.00
V55347	SARA JACKSON	05/10/2024	31840	110404215	BODY PUMP	\$360.00
SARA JACKSON					Total Check Amount:	\$360.00
V55348	EMILY JARA	05/10/2024	32900	110404541	MILEAGE MAR 2024	\$48.24
EMILY JARA					Total Check Amount:	\$48.24
V55349	PAMELA JOHNSTON	05/10/2024	28025	110404215	ZUMBA	\$450.00
PAMELA JOHNSTON					Total Check Amount:	\$450.00
V55350	KRISTI L KANEL	05/10/2024	22868	110404215	CYCLE/SS/ZUMBA	\$600.00
KRISTI L KANEL					Total Check Amount:	\$600.00
V55351	KELLY SPICERS STORES	05/10/2024	31267	110141441	PAPER	\$240.23
KELLY SPICERS STORES					Total Check Amount:	\$240.23
V55352	DOLLY LAI	05/10/2024	18084	110404215	YOGA	\$120.00
DOLLY LAI					Total Check Amount:	\$120.00
V55353	LEHR	05/10/2024	26035	480515161	POLICE EQUIPMENT	\$3,092.86
LEHR					Total Check Amount:	\$3,092.86
V55354	BERRY LIANG	05/10/2024	25640	110404215	PERSONAL TRAINER	\$243.00
		05/10/2024	25640	110404215	CYCLE	\$90.00
BERRY LIANG					Total Check Amount:	\$333.00
V55355	LIEBERT CASSIDY WHITMORE	05/10/2024	2489	110141481	PROF SVCS 00029 MAR24	\$10,744.50
		05/10/2024	2489	110141481	PROF SVCS 00028 MAR24	\$8,056.00
LIEBERT CASSIDY WHITMORE					Total Check Amount:	\$18,800.50

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V55356	MARY E LOGUE	05/10/2024	16039	110212111	TRAINING MILEAGE	\$82.26
		05/10/2024	16039	110212111	TRAINNG EXPENSE	\$16.00
MARY E LOGUE					Total Check Amount:	\$98.26
V55357	LONG BEACH BMW	05/10/2024	18120	480515161	SPARK PLUGS	\$111.62
LONG BEACH BMW					Total Check Amount:	\$111.62
V55358	TANYA LOSCUTOFF	05/10/2024	22092	110404215	PERSONAL TRAINER	\$866.10
		05/10/2024	22092	110404215	SUPER SCULPT	\$150.00
TANYA LOSCUTOFF					Total Check Amount:	\$1,016.10
V55359	JOSELYN ELIZABETH MAGANA	05/10/2024	32110	110212111	TRAINING MILEAGE	\$40.61
JOSELYN ELIZABETH MAGANA					Total Check Amount:	\$40.61
V55360	JAMIE KRISTINE MCDONALD	05/10/2024	23730	110212111	TRAINING MILEAGE	\$31.89
JAMIE KRISTINE MCDONALD					Total Check Amount:	\$31.89
V55361	ANDREA MCGRANAHAN	05/10/2024	26046	110404215	PERSONAL TRAINER	\$234.90
		05/10/2024	26046	110404215	TRX/BAR/CYCL/FS/HT/LI	\$1,550.00
ANDREA MCGRANAHAN					Total Check Amount:	\$1,784.90
V55362	MINER, LTD	05/10/2024	27173	490515151	FS2 BC BAY DOOR RPR	\$831.79
		05/10/2024	27173	490515151	FS1 FRONT WINDOW RPR	\$525.04
		05/10/2024	27173	490515151	PD GATE PREV MNT	\$615.62
MINER, LTD					Total Check Amount:	\$1,972.45
V55363	MINNESOTA LIFE INSURANCE COMPANY	05/10/2024	30640	110	34730 LIFE INS MAY24	\$6,422.25
MINNESOTA LIFE INSURANCE COMPANY					Total Check Amount:	\$6,422.25
V55364	JENNIFER MONZON-SCROFINI	05/10/2024	20158	110404145	CRAFTS FOR KIDS	\$292.50
JENNIFER MONZON-SCROFINI					Total Check Amount:	\$292.50
V55365	NATASHA MOORE	05/10/2024	10711	110404215	BODY PUMP	\$240.00
NATASHA MOORE					Total Check Amount:	\$240.00
V55366	ZULEYMA SARMIENTO MURPHY	05/10/2024	31281	110212111	INV INTVW+INTERROGATN	\$40.00
ZULEYMA SARMIENTO MURPHY					Total Check Amount:	\$40.00
V55367	MYERS AND SONS	05/10/2024	21624	110515121	NEW STREET NAME SIGNS	\$500.05
MYERS AND SONS					Total Check Amount:	\$500.05
V55368	NIEVES LANDSCAPE, INC.	05/10/2024	31375	341515112	MD#1 LANDSCAPE APR24	\$1,467.36
		05/10/2024	31375	347515112	MD#7 LANDSCAPE APR24	\$993.45
		05/10/2024	31375	346515112	MD#6 LANDSCAPE APR24	\$6,242.14
		05/10/2024	31375	110515141	PARKS MOWING APR24	\$10,543.18
		05/10/2024	31375	360515145	WC PARK LNDSCPE APR24	\$5,170.48
		05/10/2024	31375	110515143	MED/GREENBELTS APR24	\$12,971.57
		05/10/2024	31375	343515112	MD#3 LANDSCAPE APR24	\$2,487.24
NIEVES LANDSCAPE, INC.					Total Check Amount:	\$39,875.42
V55369	OC YOUTH SPORTS LLC	05/10/2024	31859	110404145	MULTI-SPORT/SPORTBALL	\$1,335.75

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
OC YOUTH SPORTS LLC					Total Check Amount:	\$1,335.75
V55370	ORANGE COUNTY SANITATION DIST.	05/10/2024	14689	110	RES SEWER FEES MAR24	\$3,307.56
		05/10/2024	14689	110000000	RES SF 5% COLL MAR24	(\$165.38)
ORANGE COUNTY SANITATION DIST.					Total Check Amount:	\$3,142.18
V55371	JOSHUA STEVE ORDONEZ	05/10/2024	32406	110212111	EVOC TRAINING	\$158.00
JOSHUA STEVE ORDONEZ					Total Check Amount:	\$158.00
V55372	JIA ZHI (GEORGE) PAN	05/10/2024	31796	110404145	GOLF LESSONS	\$375.00
JIA ZHI (GEORGE) PAN					Total Check Amount:	\$375.00
V55373	IRACEMA PERDOMO	05/10/2024	14135	110404215	CYCLE	\$270.00
IRACEMA PERDOMO					Total Check Amount:	\$270.00
V55374	QUINN COMPANY	05/10/2024	12380	480515161	BOOT/LOCKNUT	\$106.64
QUINN COMPANY					Total Check Amount:	\$106.64
V55375	KAYLA RABJOHNS	05/10/2024	28472	110404215	CIRCUIT TRAINING	\$120.00
KAYLA RABJOHNS					Total Check Amount:	\$120.00
V55376	TIANNA RIVERA	05/10/2024	31886	110212111	TRAINING MILEAGE	\$131.05
		05/10/2024	31886	110212111	TRAINING MILEAGE	\$31.89
TIANNA RIVERA					Total Check Amount:	\$162.94
V55377	ROLLINS, INC DBA ORKIN, LLC.	05/10/2024	30616	420515131	MAR 2024 OVERPAYMENT	(\$1.00)
		05/10/2024	30616	110515125	PEST CONTROL APR 2024	\$345.00
		05/10/2024	30616	110515141	PEST CONTROL APR 2024	\$240.00
		05/10/2024	30616	420515131	PEST CONTROL APR 2024	\$75.00
		05/10/2024	30616	490515151	PEST CONTROL APR 2024	\$1,335.00
ROLLINS, INC DBA ORKIN, LLC.					Total Check Amount:	\$1,994.00
V55378	SC FUELS	05/10/2024	16654	480515161	CLR DIESEL 1500.1 GAL	\$6,042.09
		05/10/2024	16654	480515161	REG UNL ETH 3951.5GAL	\$17,569.38
		05/10/2024	16654	480515161	CLR DIESEL 1100.5 GAL	\$4,452.57
SC FUELS					Total Check Amount:	\$28,064.04
V55379	LAURENE SCHULZE	05/10/2024	18034	110404215	YOGA	\$28.00
LAURENE SCHULZE					Total Check Amount:	\$28.00
V55380	ISMAEL O SILVA	05/10/2024	24370	110404215	ZUMBA	\$120.00
ISMAEL O SILVA					Total Check Amount:	\$120.00
V55381	SITEONE LANDSCAPE SUPPLY, LLC	05/10/2024	25942	110515144	IRRIGATION SUPPLIES	\$112.45
SITEONE LANDSCAPE SUPPLY, LLC					Total Check Amount:	\$112.45
V55382	SKYHAWKS SPORTS ACADEMY, INC.	05/10/2024	18097	110404145	SOCCER	\$971.58
SKYHAWKS SPORTS ACADEMY, INC.					Total Check Amount:	\$971.58
V55383	SOL CONSTRUCTION, INC.	05/10/2024	32473	510707965	545 BERRY PP3 NOV-JAN	\$7,979.88
SOL CONSTRUCTION, INC.					Total Check Amount:	\$7,979.88
V55384	SOOTHING ESCAPE MASSAGE LLC	05/10/2024	31650	110404215	KINSTRETCH/SOUNDBATH	\$939.40

City Disbursement Register

Between May 6, 2024 12:00 AM and May 10, 2024 11:59 PM

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
SOOTHING ESCAPE MASSAGE LLC						Total Check Amount: \$939.40
V55385	TENNIS ANYONE ACADEMY	05/10/2024	12688	110404145	TENNIS LESSONS	\$695.30
TENNIS ANYONE ACADEMY						Total Check Amount: \$695.30
V55386	TOWNSEND PUBLIC AFFAIRS, INC.	05/10/2024	18881	410111145	CONSULTING SVCS MAY24	\$1,375.00
		05/10/2024	18881	420111145	CONSULTING SVCS MAY24	\$1,375.00
		05/10/2024	18881	430111145	CONSULTING SVCS MAY24	\$1,375.00
		05/10/2024	18881	110111145	CONSULTING SVCS MAY24	\$1,375.00
TOWNSEND PUBLIC AFFAIRS, INC.						Total Check Amount: \$5,500.00
V55387	TROPICAL PLAZA NURSERY, INC	05/10/2024	2062	490515151	MODIFY ZURN DRAIN FS2	\$2,758.04
TROPICAL PLAZA NURSERY, INC						Total Check Amount: \$2,758.04
V55388	EDEN TURNER	05/10/2024	21951	110404215	BODY PUMP	\$300.00
EDEN TURNER						Total Check Amount: \$300.00
V55389	NATASHA UMRIGAR-MOLLA	05/10/2024	32097	110404215	YOGA	\$90.00
NATASHA UMRIGAR-MOLLA						Total Check Amount: \$90.00
V55390	UNITED ROTARY BRUSH CORPORATION	05/10/2024	16649	480515161	SWEEPER BROOMS	\$970.10
UNITED ROTARY BRUSH CORPORATION						Total Check Amount: \$970.10
V55391	BRITANY MARIANA VILLA VELA	05/10/2024	32898	110212111	EVOC TRAINING	\$158.00
BRITANY MARIANA VILLA VELA						Total Check Amount: \$158.00
V55392	WEST GROVE VOLLEYBALL, LLC	05/10/2024	32196	110404145	VOLLEYBALL LESSONS	\$343.20
WEST GROVE VOLLEYBALL, LLC						Total Check Amount: \$343.20
V55393	WESTERN GOLF PROPERTIES, LLC	05/10/2024	29071	465000000	BREA CREEK S/TX APR24	\$1,111.50
		05/10/2024	29071	465515149	BREA CREEK CGS APR24	\$7,500.11
		05/10/2024	29071	465515149	BREA CREEK MGMT APR24	\$62,222.23
		05/10/2024	29071	465515149	BIRCH HILLS CGS APR24	\$19,920.03
		05/10/2024	29071	465515149	BIRCH HLLS MGMT APR24	\$151,210.43
		05/10/2024	29071	465000000	BIRCH HLLS S/TX APR24	\$4,445.11
		05/10/2024	29071	465000000	BIRCH HLLS TIPS APR24	\$7,357.76
WESTERN GOLF PROPERTIES, LLC						Total Check Amount: \$253,767.17
V55394	SARA L. WOODWARD	05/10/2024	26083	110212111	TRAINING EXPENSE	\$16.00
SARA L. WOODWARD						Total Check Amount: \$16.00
V55395	REBECCA YOUNT	05/10/2024	31473	110404215	SILVER SNEAKERS	\$120.00
REBECCA YOUNT						Total Check Amount: \$120.00
Voucher Subtotal						\$823,920.63

TOTAL \$1,059,497.31



City of Brea

City Council Regular Meeting Communication

Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ended April 30, 2024

Meeting	Agenda Group	
Tuesday, May 21, 2024, 7:00 PM	CITY/SUCCESSOR AGENCY - CONSENT	Item: 5A
TO	FROM	
Honorable Mayor and City Council Members	Bill Gallardo, City Manager	

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is prepared in accordance with Government Code Sections (GCS) 41004 and 53607 and contains information on the Successor Agency's investment activities for the month of April. Funds received by the Successor Agency are typically spent within three to six months of receipt and are therefore not invested long-term. The Successor Agency's Local Agency Investment Fund (LAIF) is used for short-term investments and functions like a savings account until funds are required to meet expenditure needs.

Attachment A includes an Investment Information Summary and a Monthly Account Statement prepared by Chandler Asset Management (Chandler) for the funds invested on behalf of the Successor Agency. As of April 30, 2024, the market value, including accrued interest on the Successor Agency's Local Agency Investment Fund (LAIF), was \$373,351 as compared to the revised balance of \$372,001 at March 31, 2024. The Successor Agency to the Brea Redevelopment Agency has sufficient cash flow to meet its expected expenditures for the next six months.

The Successor Agency also has restricted (fiscal agent) investment accounts related to its various bond reserve accounts, which are managed by Chandler and held by the Agency's third-party custodian, The Bank of New York Mellon Trust Company, N.A. (BNY). BNY acts as an agent of the Successor Agency and all securities are held in the name of the Successor Agency. Attachment A includes a portfolio report from Chandler for each bond reserve account that is invested. As of April 30, 2024, the market value of these funds, including short-term cash and accrued interest was \$12,013,648 as compared to \$11,962,859 as of March 31, 2024.

FISCAL IMPACT/SUMMARY

During the month of April, the total value of the Successor Agency's investment portfolio increased by \$1,350 due to positive market rate conditions. The total value of restricted investments increased by \$50,789 due to favorable market rate adjustments.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Faith Madrazo, Financial Services Manager, Revenue

Concurrence: Kristin Griffith, Director of Administrative Services and Monica Lo, Deputy Director of Administrative Services

Attachments

[Attachment A.pdf](#)

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
April 30, 2024

			Book Value	Market Value*
<hr/>				
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	\$	339,849.27	\$ 339,849.27
Local Agency Investment Fund	LAIF	\$	372,048.58	\$ 373,350.87
<u>Fiscal Agent Cash & Investments</u>				
2004 Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$	-	\$ -
2010 Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$	-	\$ -
2013 Tax Allocation Bonds	Chandler/BNY	\$	7,157,557.46	\$ 7,157,557.46
2016 Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$	1,309,603.44	\$ 1,309,603.44
2017 Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$	3,546,487.13	\$ 3,546,487.13
Sub-total - Fiscal Agent Cash & Investments			\$ 12,013,648.03	\$ 12,013,648.03
Grand Total			\$ 12,725,545.88	\$ 12,726,848.17

* Includes accrued interest on invested funds

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
April 30, 2024

Fiscal Agent Cash & Investments Detail	Book Value	Market Value
2013 Tax Allocation Bonds - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 7,157,557.46	\$ 7,157,557.46
Sub-total	\$ 7,157,557.46	\$ 7,157,557.46
2016 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,309,603.44	\$ 1,309,603.44
Sub-total	\$ 1,309,603.44	\$ 1,309,603.44
2017 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 3,546,487.13	\$ 3,546,487.13
Sub-total	\$ 3,546,487.13	\$ 3,546,487.13
Report Grand Total	\$ 12,013,648.03	\$ 12,013,648.03



MONTHLY ACCOUNT STATEMENT

Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

Custodian:

PORTFOLIO SUMMARY

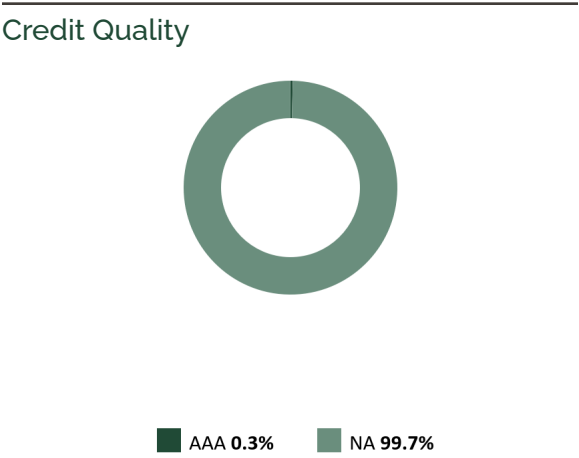
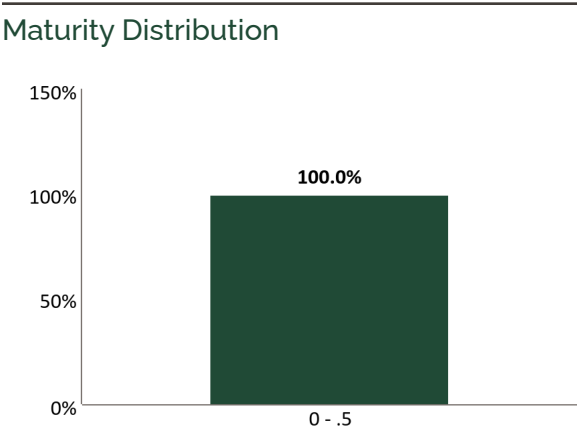
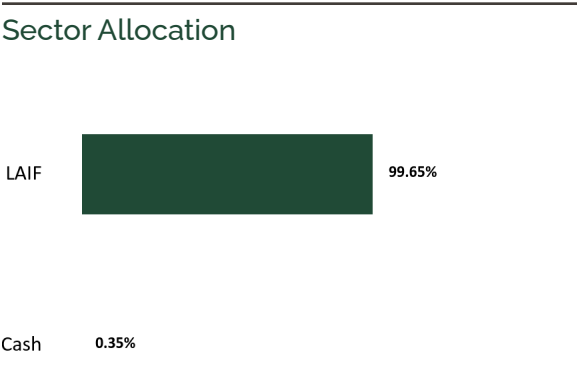


Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Portfolio Characteristics	
Average Modified Duration	0.00
Average Coupon	4.29%
Average Purchase YTM	4.29%
Average Market YTM	4.29%
Average Quality	AAA
Average Final Maturity	0.00
Average Life	0.00

Account Summary		
	Beg. Values as of 04/01/2024	End Values as of 04/30/2024
Market Value	372,001.00	373,350.87
Accrued Interest	0.00	0.00
Total Market Value	372,001.00	373,350.87
Income Earned	0.00	2,187.16
Cont/WD	0.00	0.00
Par	372,001.00	373,350.87
Book Value	372,001.00	373,350.87
Cost Value	372,001.00	373,350.87

Top Issuers	
LAIF	99.65%



*See Footnote

RECONCILIATION SUMMARY



Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Maturities / Calls

Month to Date	0.00
Fiscal Year to Date	0.00

Principal Paydowns

Month to Date	0.00
Fiscal Year to Date	0.00

Purchases

Month to Date	2,187.16
Fiscal Year to Date	352,712.27

Sales

Month to Date	0.00
Fiscal Year to Date	0.00

Interest Received

Month to Date	2,187.16
Fiscal Year to Date	2,712.27

Purchased / Sold Interest

Month to Date	0.00
Fiscal Year to Date	0.00

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Book Value	372,001.00	19,336.31
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	2,187.16	352,712.27
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(837.29)	1,302.29
Amortization/Accretion	0.00	0.00
Realized Gain (Loss)	0.00	0.00
Ending Book Value	373,350.87	373,350.87

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2023)
Beginning Market Value	372,001.00	19,336.31
Maturities/Calls	0.00	0.00
Principal Paydowns	0.00	0.00
Purchases	2,187.16	352,712.27
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(837.29)	1,302.29
Amortization/Accretion	0.00	0.00
Change in Net Unrealized Gain (Loss)	0.00	0.00
Realized Gain (Loss)	0.00	0.00
Ending Market Value	373,350.87	373,350.87

HOLDINGS REPORT



Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P Fitch	Maturity Duration
CASH									
CCYUSD	Receivable	1,302.29	-- 0.00%	1,302.29 1,302.29	1.00 0.00%	1,302.29 0.00	0.35% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		1,302.29	0.00%	1,302.29	0.00%	1,302.29 0.00	0.35% 0.00	Aaa/AAA AAA	0.00 0.00
LAIF									
90LAIF\$00	State Pool	372,048.58	-- 4.31%	372,048.58 372,048.58	1.00 4.31%	372,048.58 0.00	99.65% 0.00	NA/NA NA	0.00 0.00
Total LAIF		372,048.58	4.31%	372,048.58	4.31%	372,048.58 0.00	99.65% 0.00	NA/NA NA	0.00 0.00
Total Portfolio		373,350.87	4.29%	373,350.87	1.00 4.29%	373,350.87 0.00	100.00% 0.00	Aaa/AAA AAA	0.00 0.00
Total Market Value + Accrued						373,350.87			

TRANSACTION LEDGER



Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/15/2024	90LAIF\$00	2,187.16	State Pool	1.000	4.27%	(2,187.16)	0.00	(2,187.16)	0.00
Total Purchase			2,187.16				(2,187.16)	0.00	(2,187.16)	0.00
TOTAL ACQUISITIONS			2,187.16				(2,187.16)	0.00	(2,187.16)	0.00
OTHER TRANSACTIONS										
Dividend	04/15/2024	90LAIF\$00	0.00	State Pool		4.27%	47.58	0.00	47.58	0.00
Total Dividend			0.00				47.58	0.00	47.58	0.00
TOTAL OTHER TRANSACTIONS			0.00				47.58	0.00	47.58	0.00

INCOME EARNED



Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Cusip	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENTS						
CCYUSD	Receivable	1,302.29	2,139.58	0.00	0.00	0.00
			0.00	0.00	0.00	
			0.00	0.00	0.00	
			1,302.29	0.00	0.00	
			2,139.58	0.00	0.00	
			0.00	0.00	0.00	
			0.00	0.00	0.00	
Total Cash & Equivalents		1,302.29	1,302.29	0.00	0.00	0.00
LAIF						
90LAIF\$00	State Pool	372,048.58	369,861.42	0.00	0.00	2,187.16
			2,187.16	2,187.16	0.00	
			0.00	0.00	0.00	
			372,048.58	2,187.16	2,187.16	
			369,861.42	0.00	0.00	
			2,187.16	2,187.16	0.00	
			0.00	0.00	0.00	
Total LAIF		372,048.58	372,048.58	2,187.16	2,187.16	2,187.16
			372,001.00	0.00	0.00	
			2,187.16	2,187.16	0.00	
			0.00	0.00	0.00	
TOTAL PORTFOLIO		373,350.87	373,350.87	2,187.16	2,187.16	2,187.16

CASH FLOW REPORT



Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
MAY 2024							
05/01/2024	Dividend		0.00		1,302.29		1,302.29
May 2024 Total					1,302.29		1,302.29
Grand Total			0.00		1,302.29		1,302.29



IMPORTANT DISCLOSURES

Successor Agency to the Brea RDA LAIF | Account #10166 | As of April 30, 2024

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