

NOTICE

COMPTON CITY COUNCIL AGENDA Tuesday, November 19, 2013 5:45 PM

HEARING(S)

OPENING

ROLL CALL

INTRODUCTION OF SPECIAL GUESTS

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

CONSENT AGENDA

Consent items are routine and expected to be non-controversial. They will be acted upon by the Council at one time without discussion unless a Council Member requests an item be removed or discussed.

APPROVAL OF MINUTES

REPORTS OF OFFICERS AND COMMISSIONS

CITY ATTORNEY

1. CLAIMS AGAINST THE CITY
Raveonne Thomas v. City of Compton (I-8608/LI0000296A)
Brandie Duckett v. City of Compton (I-8609/LI0000297A)
(Deny Claims)

END CONSENT AGENDA

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORTS

2. POWERPOINT PRESENTATION - JULY 26, 2013 COMPTON SHERIFF PROSTITUTION OPERATION

UNFINISHED BUSINESS

NEW BUSINESS

3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTRACT WITH MV TRANSPORTATION INC. FOR SIX MONTHS TO PROVIDE OPERATION AND MAINTENANCE OF THE COMPTON RENAISSANCE TRANSIT SYSTEM
4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A SOFTWARE LICENSE AND SERVICES AGREEMENT AND ISSUE A PURCHASE ORDER TO SUNGARD PUBLIC SECTOR INC. TO UPGRADE THE FINANCIAL SYSTEM TO SUNGARD ONE SOLUTION FINANCIAL SOFTWARE
5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING RESOLUTION NO. 23,825 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MI HOPE, INC. TO PROVIDE MANAGEMENT SERVICES FOR THE CITY OF COMPTON "BLUE LINE FARMERS' MARKET."
6. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO RON'S MAINTENANCE, INC. FOR CATCH BASIN CLEANING SERVICES FOR FISCAL YEAR 2013-2014
7. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, APPROVING A CHANGE TO THE SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN COMPTON SENIOR APARTMENTS, L.P. AND THE CITY OF COMPTON, AND APPROVING THE SUBORDINATION OF SENIOR HOUSEHOLD AND LOW-INCOME RESTRICTIONS IN THE CONDITIONAL USE PERMIT FOR THE PROJECT TO THE PRIMARY LENDER'S DEED OF TRUST

APPROVAL OF WARRANTS

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: Tuesday, November 26, 2013 @ 5:45 PM.

Visit our website at <http://www.comptoncity.org>

View Meetings Live at <mms://livemedia.comptoncity.org:8080>

Memorandum**November 19, 2013****TO: MAYOR AND CITY COUNCIL MEMBERS****FROM: CITY ATTORNEY****SUBJECT: CITY ATTORNEY REPORT/CLAIM NO. I-8608/LI0000296A****SUMMARY**

Council will consider the claim of Raveonne Thomas (Claim No. I-8608/LI0000296A), presented to the City on October 10, 2013, pursuant to Govt. Code §915, 912.4(a) and 912.6(a).

BACKGROUND

On October 10, 2013, the above claim was presented to the City Controller by Raveonne Thomas for property damage. Claimant alleges that the rim to her vehicle was damaged on October 8, 2013 as the result of a pothole on Carob Street near Acacia Avenue.

Staff has conducted an investigation of this claim and determined that the vehicle allegedly damaged is not owned by Claimant. The claim must be presented by the person who owns the vehicle that was allegedly damaged.

FINANCIAL IMPACT

Seventy Five Dollars (\$75.00).

RECOMMENDATION

Staff recommends that this claim be denied.

/S/
CRAIG J. CORNWELL
CITY ATTORNEY

Memorandum**November 19, 2013****TO: MAYOR AND CITY COUNCIL MEMBERS****FROM: CITY ATTORNEY****SUBJECT: CITY ATTORNEY REPORT/CLAIM NO. I-8609/LI0000297A****SUMMARY**

Council will consider the claim of Brandie Duckett (Claim No. I-8609/LI0000297A), presented to the City on October 15, 2013, pursuant to Govt. Code §915, 912.4(a) and 912.6(a).

BACKGROUND

On October 15, 2013, the above claim was presented to the City Controller by Brandie Duckett for property damage. Claimant alleges that all four tires and rims of her vehicle had to be replaced as the result of potholes near Grandee Avenue and 134th Place in Compton. Claimant alleges the incident occurred on June 17, 2013.

Staff has conducted an investigation of this claim and determined that the vehicle allegedly damaged is not owned by Claimant. The claim must be presented by the person who owns the vehicle that was allegedly damaged.

FINANCIAL IMPACT

One Thousand Seven Hundred Dollars (\$1,700).

RECOMMENDATION

Staff recommends that this claim be denied.

/S/
CRAIG J. CORNWELL
CITY ATTORNEY

November 19, 2013

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: GLEN W.C. KAU, DIRECTOR OF PUBLIC WORKS/MUNICIPAL UTILITIES

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTRACT WITH MV TRANSPORTATION INC. FOR SIX MONTHS TO PROVIDE OPERATION AND MAINTENANCE OF THE COMPTON RENAISSANCE TRANSIT SYSTEM

SUMMARY

This resolution would authorize the City Manager to amend the current contract with MV Transportation Inc. to extend the term for a period of six months from November 19, 2013 – May 19, 2014, to provide operation and maintenance of the Compton Renaissance Transit System.

BACKGROUND

The Compton Renaissance Transit System provides a vital public service to the residents of the City of Compton by providing transit services to allow better access to jobs, local retail establishments, and schools in the City of Compton.

On November 18, 2008, pursuant to Resolution No. 22,728, the City Council authorized the City Manager to enter into a three year contract, with two (2) 1-year extensions with MV Transportation, Inc. for the operation and maintenance of the City's five (5) Renaissance Transit buses. The agreement is currently in the second (2nd) 1-year extension and scheduled to expire November 18, 2013.

The City is in the process of purchasing 5 new buses, 3 of which will be allocated to the Renaissance Transit System. Thus, in October 2013, staff met with representatives of MV Transportation to discuss a brief contract extension (i.e. 6 months), which would allow the City time to complete the purchase of the 3 fixed transit buses, go through the competitive "Request for Proposals" process for operation and maintenance of the Transit System, and allow MV Transportation to factor the impact of the Affordable Healthcare Act into their pricing. The brief extension will also provide time needed for the new buses to be delivered, which would potentially reduce the City's overall maintenance and operation costs.

#3.

MV Transportation Staff Report

November 19, 2013

Page Two

STATEMENT OF THE ISSUE

The City and MV Transportation, Inc. desire to amend the current contract to extend the terms for six months. Therefore, in order for the City Manager to execute an amended agreement with MV Transportation, Inc., City Council's authorization is necessary. All other terms and conditions of the original agreement and any amendments between the City of Compton and MV Transportation, Inc., shall remain in effect.

ALTERNATIVE

The City could elect not to extend the agreement with MV Transportation and would no longer be able to provide fixed transit services to our residents.

FINANCIAL IMPACT

Adequate funds have been allocated in Account No. 2000 710 008 4269.

RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution.

**GLEN W.C. KAU, P.E., DIRECTOR
PUBLIC WORKS/MUNICIPAL UTILITIES DEPARTMENT**

APPROVED FOR FORWARDING:

**G. HAROLD DUFFEY
CITY MANAGER**

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO AMEND THE CONTRACT WITH
MV TRANSPORTATION INC. FOR SIX MONTHS TO PROVIDE
OPERATION AND MAINTENANCE OF THE COMPTON RENAISSANCE
TRANSIT SYSTEM**

WHEREAS, the operation of the Compton Renaissance Transit System provides a vital public service; and

WHEREAS, the City desires the services of an experienced transit services operator to continue operating the transit system; and

WHEREAS, on November 18, 2008, pursuant to Resolution No. 22,728, the City Council authorized the City Manager to enter into a three (3) year contact with MV Transportation, Inc., with two (2) 1-year extensions, to operate the Renaissance Transit System; and

WHEREAS, the City is currently operating in the 5th year of the contract at an annual cost of \$910,479; and

WHEREAS, the current agreement, in its second (2nd) and last 1-year extension, is scheduled to expire November 18, 2013, and the City and MV Transportation, Inc. desire to amend the current agreement to expend the term for a period of 6-months (i.e. November 19, 2013 through May 18, 2014); and

WHEREAS, the City is in the process of purchasing 5 new buses, 3 of which will be allocated to the Renaissance Transit System, thus, staff has met with MV Transportation to discuss a brief contract extension of 6 months, which would allow the City time to complete the purchase and delivery of the new fixed transit buses, go through a competitive “Request for Proposals” process for the operation of the Transit System, and allow for MV Transportation, Inc. and other potential contract bidders an opportunity to factor the impact of the “Affordable Healthcare Act” on operation and maintenance costs; and

WHEREAS, all other terms and conditions of the original agreement and any amendments between the City of Compton and MV Transportation, Inc. shall remain the same and in full effect; and

WHEREAS, adequate funds for the services have been allocated in Account No. 2000 710 008 4269.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Manager is hereby authorized to execute an amendment to the current contract with MV Transportation, Inc. to extend the term of the agreement for a period of six (6) months to provide operation and maintenance of the Compton Renaissance Transit System. The extended contract term shall be from November 19, 2013 through May 18, 2014.

SECTION 2. That the services rendered by MV Transportation, Inc. during the 6-month extension term shall be paid from Account No. 2000 710 008 4269.

SECTION 3. That a copy of this Resolution shall be forwarded to the offices of the City Manager, City Controller, City Clerk, City Attorney and the Public Works/Municipal Utilities Department.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____day of _____, 2013.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____day of _____, 2013.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSTAINS: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

**THIRD AMENDMENT TO AGREEMENT FOR FIXED ROUTE TRANSIT SERVICES
BETWEEN
CITY OF COMPTON
AND
MV TRANSPORTATION, INC.**

This **THIRD AMENDMENT** to the **AGREEMENT FOR FIXED ROUTE TRANSIT SERVICES** is entered into by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as "**CITY**") and **MV TRANSPORTATION, INC.** (hereinafter referred to as "**TRANSIT CONTRACTOR**" OR "**CONTRACTOR**").

RECITALS

WHEREAS, pursuant to Resolution No. 22,728, adopted by the City Council on November 18, 2008, the City currently contracts with Transit Contractor to operate and maintain the City's Renaissance Transit System, which provides a vital public service to the residents of the City by providing transit services to allow better access to jobs, local retain establishments and schools in the City; and

WHEREAS, the current contract, in its second (2nd) and last 1-year extension, is scheduled to expire November 18, 2013, and the City and the Transit Contractor desire to amend the current agreement to expend the term for a period of six (6) months (i.e. November 19, 2013 through May 18, 2014); and

WHEREAS, by Resolution No. _____, adopted on the ____ day of November, 2013, the City Council authorized the City Manager to amend the current contract with the Transit Contractor to extend the term for a period of six (6) months.

NOW, THEREFORE, the parties do hereby mutually agree to amend the Agreement as follows:

AMENDMENTS

1. The parties agree to amend **Section 3 – Term of Agreement** of the original Agreement to extend the term of the Agreement for a period of six (6) months, through May 18, 2014.
2. Except as provided for above, all other terms and conditions of the original Agreement and any amendments thereto between the City and the Transit Contractor all remain in effect.

Third Amendment to Fixed Route Transit Services Agreement
MV Transportation, Inc.
[Resolution No. ____]

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this **FIRST AMENDMENT** to the above-identified **AGREEMENT FOR FIXED ROUTE TRANSIT SERVICES**.

**MV TRANSPORTATION, INC.
TRANSIT CONTRACTOR**

By _____ Dated: _____
Brad Cornelson
Chief Financial Officer

CITY OF COMPTON
Recommended for Approval:

By _____ Dated: _____
Glen W.C. Kau, P.E., Director
Public Works/Municipal Utilities Department

Approved by:

Dated: _____ By _____
G. Harold Duffey, City Manager

Approved as to form:

By _____ Dated: _____
Craig J. Cornwell, City Attorney

ATTEST:

Dated: _____ By _____
Alita Godwin, City Clerk

RESOLUTION SIGN-OFF FORM

DEPARTMENT: Public Works-Engineering

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTRACT WITH MV TRANSPORTATION INC. FOR SIX MONTHS TO PROVIDE OPERATION AND MAINTENANCE OF THE COMPTON RENAISSANCE TRANSIT SYSTEM

Glen Kau
DEPARTMENT MANAGER’S SIGNATURE

11/06/2013 11:56:09 AM
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

Stephen Ajobiewe
CITY CONTROLLER

11/13/2013 3:36:41 PM
DATE

G. Harold Duffey
CITY MANAGER

11/6/2013 1:15:42 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

November 19, 2013

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: VAN WILSON, GENERAL SERVICES DIRECTOR

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A SOFTWARE LICENSE AND SERVICE AGREEMENT AND ISSUE A PURCHASE ORDER TO SUNGARD PUBLIC SECTOR INC. TO UPGRADE THE FINANCIAL SYSTEM TO SUNGARD ONESOLUTION FINANCIAL SOFTWARE

SUMMARY

This resolution authorizes the City Manager to enter into an agreement with SunGard Public Sector Inc. ("SunGard") for the purchase and implementation services to upgrade the City of Compton's financial system to SunGard ONESolution Financial Software.

BACKGROUND

The City of Compton purchased the financial system (IFAS) from SunGard in 1997. Through the ensuing years, SunGard Public Sector continues to develop and improve on their core financial system. SunGard completed a major upgrade of their financial system software to a web-based version called ONESolution in 2011.

The City's financial system has stagnated since 2005 and has not been updated with the vendor's software roadmap. As part of the standard software industry, general software support usually ends 5 to 10 years after a product is released. SunGard phased out general support of the version (ver. 7.2) of the financial system in 2005. Annual maintenance support is still available, but at premium cost. The City currently pays cost \$65,773.69 annually for this antiquated system.

In Fiscal Year 2012/2013, the City initiated the process of updating its financial system by purchasing the necessary hardware to upgrade the financial system. This resolution will authorize the purchase and implementation of the software portion of the upgrade to the City's financial system.

STATEMENT OF ISSUE

The stability and disaster recovery protection of financial data is a major area of concern with the City's financial system (IFAS). The financial system runs on very specific hardware specifications and requirements. In fact, the City's current financial system is still operating on the original computer hardware that was initially purchased for it. IBM, the original computer manufacturer, has discontinued support for their obsolete hardware. Hardware issues have been a contributor in the City's financial system being unavailable several times (December 2008, December 2011, and February 2012.) The City has been very fortunate in each of these incidents. There is no replacement for a catastrophic hardware failure.

Prior financial audits of the financial system have noted the deficiencies in the security account policies that are not in line with industry standards. In addition, the IFAS financial system is vulnerable to security issues that are constantly being discovered, but we have no solution to address these vulnerabilities. These issues are common in older systems and/or applications because vendors stop supporting and developing their software after a few years. In the case of the City's financial system, it is both.

The City must begin implementation of the new version (ONESolution) of its financial system as the support of the current version (IFAS) has been discontinued since 2005. SunGard continues to provide maintenance and application support for the financial system; however, the City pays a premium for this continued support. The maintenance and application cost is \$65,773.69 this year and continues to rise every year.

The City seeks to upgrade its current, outdated financial system to SunGard's ONESolution financial system. The upgraded financial system (OneSolution) is an Enterprise Resource Planning (ERP) software suite that was written from the ground up using the latest Microsoft programming technology, Microsoft.Net. The City will have the flexibility to integrate additional modules to the financial system (Permits, Payroll, Human Resources, etc.) in the future. OneSolution uses Service Oriented Architecture (SOA) which means it will feature a friendly web-based platform, and Microsoft Windows Presentation Foundation (WPF) features which help to deliver a common look and feel to all users.

The upgraded financial system will feature new tools and improved functionalities to assist the City in managing and improving their fiscal control, spending, budgeting, and tracking of City finances. Staff productivity can be increased by

**Staff Report, SunGard Public Sector Inc.
Page 3**

enhancing and implementing new bank reconciliation processes, automated workflow processes, on-line document storage functionality, and integration with Microsoft Office to improve the productivity of staff members who need to analyze data on a continual basis.

FINANCIAL IMPACT

The one-time cost for entering into this Software License and Services Agreement with SunGard for implementation of the upgrades to SunGard's OneSolution Financial Software is \$129,021.70, inclusive of taxes. The financial breakdown for the upgrade and implementation cost:

Upgrade and Implementation Services	\$126,895.00
Tax	\$2,126.70
TOTAL	\$ 129,021.70

The funding for this purchase order will come from the following accounts:

<u>Account No.</u>	<u>Amounts</u>
1001 510 000 4269	\$ 98,500.00
1001 510 000 4262	30,521.70
TOTAL	\$129,021.70

ALTERNATIVES

The alternative to the financial system upgrade is to change to an entirely new financial system. However, the cost to acquire new software from a different vendor, implement, and train City staff makes this alternative more cost prohibitive than upgrading the current financial system (IFAS).

RECOMMENDATION

Staff recommends that City Council adopt the attached Resolution.

**VAN WILSON, DIRECTOR
GENERAL SERVICES DEPARTMENT**

APPROVED FOR FORWARDING:

**G. HAROLD DUFFEY
CITY MANAGER**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A SOFTWARE LICENSE AND SERVICES AGREEMENT AND ISSUE A PURCHASE ORDER TO SUNGARD PUBLIC SECTOR INC. TO UPGRADE THE FINANCIAL SYSTEM TO SUNGARD ONESOLUTION FINANCIAL SOFTWARE

WHEREAS, the City of Compton purchased its current financial system (IFAS) from SunGard Public Sector, Inc. in 1997; and

WHEREAS, the City's financial system has stagnated since 2005 and has not been upgraded with our vendor's software roadmap; and

WHEREAS, the stability and disaster recovery protection of the City's financial data is a major area of concern with the financial system; and

WHEREAS, SunGard Public Sector completed a major upgrade of their financial system software to a web-based version called ONESolution in 2011; and

WHEREAS, in Fiscal Year 2012/2013, the City initiated the process by purchasing the necessary hardware to upgrade our financial system; and

WHEREAS, the City seeks to upgrade its current, outdated financial system software to SunGard Public Sector ONESolution Financial System; and

WHEREAS, funds are allocated in the City Manager's Department's Fiscal Year 2013-2014 Budget in Account Nos. 1001 510 000 4269 (\$98,500.00) and 1001 510 000 4262 (\$30,521.70) in the amount of One Hundred Twenty Nine Thousand Twenty One Dollars and Seventy Cents (\$129,021.70).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager, on advice and consent of the City Attorney is authorized to enter into a Software License and Services Agreement with SunGard Public Sector Inc., to purchase and implement upgraded financial software for the City's financial system.

SECTION 2. That a purchase order shall be issued to SunGard Public Sector Inc. in an amount not to exceed One Hundred Twenty Nine Thousand Twenty One Dollars and Seventy Cents (\$129,021.70).

SECTION 3. That funds are available in Account Nos. 1001 510 000 4269 in the amount of \$98,500.00 and 1001 510 000 4262 in the amount of \$30,521.70.

SECTION 4. That a copy of this Resolution shall be filed in the offices of the City Manager, City Controller, City Clerk, City Attorney and General Services.

Resolution No. _____
Page 2

SECTION 5. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2013.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____ 2013.

That said Resolution was adopted by the following vote to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

THIS AGREEMENT is entered into between SunGard Public Sector and Customer on the Execution Date, and SunGard Public Sector's obligations hereunder will commence on Execution Date.

SunGard Public Sector and Customer have entered into a Software License and Services Agreement dated December 11, 1997 (the "License Agreement") for the Software. Customer desires that SunGard Public Sector provide Maintenance and Enhancements for and new releases of the Baseline Software identified in Exhibit 1 on the terms and conditions contained in this Agreement, and for the Custom Modifications identified in Exhibit 1 on the terms and conditions of this Agreement. Accordingly, the parties agree as follows:

1. Definitions.

"Exhibit 1" means, collectively: (i) The schedule attached to this Agreement which is marked as "Exhibit 1," including all attached Software Supplements; and (ii) any schedule also marked as "Exhibit 1" (also including any attached Software Supplements) that is attached to any amendment to this Agreement. Other appendices to this Agreement are numbered sequentially and are also "Appendices."

"Baseline" means the general release version of a Component System as updated to the particular time in question through both SunGard Public Sector's warranty services and SunGard Public Sector's Maintenance Program, but without any other modification whatsoever.

"Component System" means any one of the computer software programs which is identified in Exhibit 1 as a Component System, including all copies of Source Code, Object Code and all related specifications, Documentation, technical information, and all corrections, modifications, additions, improvements and enhancements to and all Intellectual Property Rights for such Component System.

"Confidential Information" means non-public information of a party to this Agreement. Confidential Information of SunGard Public Sector includes the Software, all software provided with the Software, and algorithms, methods, techniques and processes revealed by the Source Code of the Software and any software provided with the Software. Confidential Information does not include information that: (i) is or becomes known to the public without fault or breach of the Recipient; (ii) the Discloser regularly

discloses to third parties without restriction on disclosure; or (iii) the Recipient obtains from a third party without restriction on disclosure and without breach of a non-disclosure obligation.

"Discloser" means the party providing its Confidential Information to the Recipient.

"Documentation" means the on-line and hard copy functional and technical specifications that SunGard Public Sector provides for a Baseline Component System, and that describe the functional and technical capabilities of the Baseline Component System in question.

"Execution Date" means the latest date shown on the signature page of this Agreement.

"Equipment" means a hardware and systems software configuration meeting the "Equipment" criteria set forth in Exhibit 1.

"Intellectual Property Rights" means all patents, patent rights, patent applications, copyrights, copyright registrations, trade secrets, trademarks and service marks and Confidential Information.

"Software" means the Component Systems listed in Exhibit 1.

"Object Code" means computer programs assembled, compiled, or converted to magnetic or electronic binary form on software media, which are readable and usable by computer equipment.

"Recipient" means the party receiving Confidential Information of the Discloser.

"Software Supplement" means, with respect to a Component System, the addendum provided as part of Exhibit 1 that contains additional terms, conditions, limitations and/or

other information pertaining to that Component System. If any terms of a Software Supplement conflicts with any other terms of this Agreement, the terms of the Software Supplement will control.

"Source Code" means computer programs written in higher-level programming languages, sometimes accompanied by English language comments and other programmer documentation.

"Contract Year" means, with respect to each Baseline Component System and Custom Modification, the period identified in Exhibit 1.

"Custom Modification" means a change that SunGard Public Sector has made at Customer's request to any Component System in accordance with a SunGard Public Sector-generated specification, but without any other changes whatsoever by any person or entity. Each Custom Modification for which SunGard Public Sector will provide Customer with Improvements is identified in Exhibit 1.

"Defect" means a material deviation between the Baseline Component System and its Documentation, for which Defect Customer has given SunGard Public Sector enough information to enable SunGard Public Sector to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under SunGard Public Sector's control. Further, with regard to each Custom Modification, "Defect" means a material deviation between the Custom Modification and the SunGard Public Sector-generated specification and documentation for such Custom Modification, and for which Defect Customer has given SunGard Public Sector enough information to enable SunGard Public Sector to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under SunGard Public Sector's control.

"Enhancements" means general release (as opposed to custom) changes to a Baseline Component System or Custom Modification which increase the functionality of the Baseline Component System or Custom Modification in question.

"Improvements" means, collectively, Maintenance, Enhancements and New Releases provided under this Agreement.

"Maintenance" means using reasonable efforts to provide Customer with avoidance procedures for or corrections of Defects. The hours during which Maintenance will be provided for each Component System, the targeted response times for certain defined categories of Maintenance calls for each Component System and Custom Modification, and other details and procedures (collectively, the "Maintenance Standards") relating to the provision of Maintenance for each Component System and Custom Modification are described in attached Exhibit 2.

"New Releases" means new editions of a Baseline Component System or Custom Modification, as applicable.

"Notification" means a communication to SunGard Public Sector's help desk by means of: (i) SunGard Public Sector's web helpline; (ii) the placement of a telephone call; or (iii) the sending of an e-mail, in each case, in accordance with SunGard Public Sector's then-current policies and procedures for submitting such communications.

2. Services.

(a) Types of Services. During the term of this Agreement, SunGard Public Sector will provide Customer with Maintenance for, Enhancements of, and New Releases of each Baseline Component System and each Custom Modification identified in Exhibit 1.

(b) Limitations. All Improvements will be part of the applicable Baseline Component System/Custom Modification, and will be subject to all of the terms and conditions of the License Agreement and this Agreement. Customer must provide SunGard Public Sector with such facilities, equipment and support as are reasonably necessary for SunGard Public Sector to perform its obligations under this Agreement, including remote access to the Equipment.

3. Payment and Taxes.

(a) Maintenance Fees. For the Improvements, Customer will pay SunGard Public Sector the amount provided for in Exhibit 1 as the "Payment Amount" for the first Contract Year. For each Contract Year subsequent to the initial Contract Year, SunGard Public Sector reserves the right to increase the Improvements

fees. Fees for Improvements for a Baseline Component System/Custom Modification are due on the first day of the first month of the Contract Year for that Baseline Component System/Custom Modification.

(b) Additional Costs. Customer will also reimburse SunGard Public Sector for actual travel and living expenses that SunGard Public Sector incurs in providing Customer with Improvements under this Agreement, with reimbursement to be on an as-incurred basis. Such travel and living expenses will be governed by SunGard Public Sector's Corporate Travel and Expense Reimbursement Policy and will be invoiced on a monthly basis in arrears and due within thirty (30) days from the date of invoice.

(c) Taxes. Customer is responsible for paying all taxes (except for taxes based on SunGard Public Sector's net income or capital stock) relating to this Agreement, the Improvements, any services provided or payments made under this Agreement. Applicable tax amounts (if any) are NOT included in the fees set forth in this Agreement. If Customer is exempt from the payment of any such taxes, Customer must provide SunGard Public Sector with a valid tax exemption certificate; otherwise, absent proof of Customer's direct payment of such tax amounts to the applicable taxing authority, SunGard Public Sector will invoice Customer for and Customer will pay to SunGard Public Sector all such tax amounts.

(d) Late Charges. Customer will pay each SunGard Public Sector invoice by no later than thirty (30) days after receipt. Late payments are subject to a late charge equal to the lesser of: (i) the prime lending rate established from time to time by Citizens Bank, Philadelphia, Pennsylvania plus three percent (3%); or (ii) the highest rate permitted by applicable law.

4. Term. This Agreement will remain in full force and effect throughout the initial Contract Year. After the initial Contract Year, this Agreement will renew for an additional Contract Year unless, at least six (6) months prior to the expiration of the initial Contract Year, Customer notifies SunGard Public Sector in writing of Customer's intent not to renew the Agreement for the second Contract Year. After the second Contract Year, this Agreement will automatically be extended for

consecutive Contract Years on a year-to-year basis unless either party notifies the other in writing of its intent not to extend this Agreement for any particular Baseline Component System/Custom Modification at least six (6) months prior to the expiration of the then-current Contract Year.

5. Disclaimer of Warranties. Customer agrees and understands that SUNGARD PUBLIC SECTOR MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, WITH REGARD TO ANY IMPROVEMENTS AND/OR ANY OTHER MATTER RELATING TO THIS AGREEMENT, AND THAT SUNGARD PUBLIC SECTOR EXPLICITLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHER, SUNGARD PUBLIC SECTOR EXPRESSLY DOES NOT WARRANT THAT A COMPONENT SYSTEM, ANY CUSTOM MODIFICATION OR ANY IMPROVEMENTS WILL BE USABLE BY CUSTOMER IF THE COMPONENT SYSTEM OR CUSTOM MODIFICATION HAS BEEN MODIFIED BY ANYONE OTHER THAN SUNGARD PUBLIC SECTOR, OR WILL BE ERROR FREE, WILL OPERATE WITHOUT INTERRUPTION OR WILL BE COMPATIBLE WITH ANY HARDWARE OR SOFTWARE OTHER THAN THE EQUIPMENT.

6. Termination. A party has the right to terminate this Agreement if the other party breaches a material provision of this Agreement. Either party has the right to terminate this Agreement at any time while an event or condition giving rise to the right of termination exists. To terminate this Agreement, the party seeking termination must give the other party notice that describes the event or condition of termination in reasonable detail. From the date of its receipt of that notice, the other party will have thirty (30) days to cure the breach to the reasonable satisfaction of the party desiring termination. If the event or condition giving rise to the right of termination is not cured within that period, then the party seeking to terminate this Agreement can effect such termination by providing the other party with a termination notice that specifies the effective date of such termination. Termination of this Agreement will be without prejudice to the terminating party's other rights and remedies pursuant to this Agreement.

7. Confidential Information. Except as otherwise permitted under this Agreement, the Recipient will not knowingly disclose to any third party, or make any use of the Discloser's Confidential Information. The Recipient will use at least the same standard of care to maintain the confidentiality of the Discloser's Confidential Information that it uses to maintain the confidentiality of its own Confidential Information of equal importance. Except in connection with the Software and any software provided with the Software, the non-disclosure and non-use obligations of this Agreement will remain in full force with respect to each item of Confidential Information for a period of ten (10) years after Recipient's receipt of that item. However, Customer's obligations to maintain both the Software and any software provided with the Software as confidential will survive in perpetuity.

8. Notices. All notices and other communications required or permitted under this Agreement must be in writing and will be deemed given when: Delivered personally; sent by United States registered or certified mail, return receipt requested; transmitted by facsimile confirmed by United States first class mail; or sent by overnight courier. Notices must be sent to a party at its address shown on the first page of this Agreement, or to such other place as the party may subsequently designate for its receipt of notices.

9. Force Majeure. Neither party will be liable to the other for any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control, including Acts of God, acts of war, accident, labor disruption, acts, omissions and defaults of third parties and official, governmental and judicial action not the fault of the party failing or delaying in performance.

10. Assignment. Neither party may assign any of its rights or obligations under this Agreement, and any attempt at such assignment will be void without the prior written consent of the other party. For purposes of this Agreement, "assignment" will include use of the Software for benefit of any third party to a merger, acquisition and/or other consolidation by, with or of Customer, including any new or surviving entity that results from such merger, acquisition and/or other consolidation. However, the following

will not be considered "assignments" for purposes of this Agreement: SunGard Public Sector's assignment of this Agreement or of any SunGard Public Sector rights under this Agreement to SunGard Public Sector's successor by merger or consolidation or to any person or entity that acquires all or substantially all of its capital stock or assets; and SunGard Public Sector's assignment of this Agreement to any person or entity to which SunGard Public Sector transfers any of its rights in the Software.

11. No Waiver. A party's failure to enforce its rights with respect to any single or continuing breach of this Agreement will not act as a waiver of the right of that party to later enforce any such rights or to enforce any other or any subsequent breach.

12. Choice of Law; Severability. This Agreement will be governed by and construed under the laws of the State of Florida, without reference to the choice of laws provisions thereof. If any provision of this Agreement is illegal or unenforceable, it will be deemed stricken from the Agreement and the remaining provisions of the Agreement will remain in full force and effect.

13. LIMITATIONS OF LIABILITY.

(a) LIMITED LIABILITY OF SUNGARD PUBLIC SECTOR. SUNGARD PUBLIC SECTOR'S LIABILITY IN CONNECTION WITH THE IMPROVEMENTS OR ANY OTHER MATTER RELATING TO THIS AGREEMENT WILL NOT EXCEED THE FEES THAT CUSTOMER ACTUALLY PAID TO SUNGARD PUBLIC SECTOR FOR THE IMPROVEMENTS FOR THE YEAR THAT SUCH LIABILITY ARISES.

(b) EXCLUSION OF DAMAGES. REGARDLESS OF WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, IN NO EVENT WILL SUNGARD PUBLIC SECTOR BE LIABLE TO CUSTOMER FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT SUNGARD PUBLIC SECTOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

(c) BASIS OF THE BARGAIN. CUSTOMER ACKNOWLEDGES THAT SUNGARD PUBLIC SECTOR HAS SET ITS FEES AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH IN THIS AGREEMENT, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

parties with respect to its subject matter, and supersedes and extinguishes all prior oral and written communications between the parties about its subject matter. Any purchase order or similar document which may be issued by Customer in connection with this Agreement does not modify this Agreement. No modification of this Agreement will be effective unless it is in writing, is signed by each party, and expressly provides that it amends this Agreement.

14. Entire Agreement. This Agreement contains the entire understanding of the

EXHIBIT 2
Maintenance Standards

I. **Hours During Which SunGard Public Sector's Telephone Support Will be Available to Customer in Connection with the Provision of Maintenance:** Unless otherwise noted in Exhibit 1, support hours are Monday through Friday, 7:00 A.M. to 6:00 P.M. Customer's Local Time within the continental United States, excluding holidays ("5x11").

II. **Targeted Response Times.** With respect to SunGard Public Sector's Maintenance obligations, SunGard Public Sector will use diligent, commercially reasonable efforts to respond to Notifications from Customer relating to the Baseline Component Systems/Custom Modifications identified in Exhibit 1 of this Agreement in accordance with the following guidelines with the time period to be measured beginning with the first applicable SunGard Public Sector "Telephone Support" hour occurring after SunGard Public Sector's receipt of the Notification:

Priority	Description	Response Goal*	Resolution Goal*
Urgent 1	A support issue shall be considered Urgent when it produces a Total System Failure; meaning SunGard Public Sector's Component Systems are not performing a process that has caused a complete work stoppage.	SunGard Public Sector has a stated goal to respond within 60 minutes of the issue being reported and have a resolution plan within 24 hours.	Although resolution times vary depending on the exact issue and customer environment, SunGard Public Sector has a stated goal to resolve an urgent issue within 24 hours OR provide a resolution plan with urgent issues within 24 hours of the issue being reported. A resolution plan details the steps necessary to understand and possibly resolve the issue.
Critical 2	A support issue shall be considered Critical when a critical failure in operations occurs; meaning SunGard Public Sector's Component Systems are not performing a critical process and prevents the continuation of basic operations. Critical problems do not have a workaround. This classification does not apply to intermittent problems.	SunGard Public Sector has a stated goal to respond within two hours of the issue being reported.	
Non-Critical 3	A support issue shall be considered Non-Critical when a non critical failure in operations occurs; meaning SunGard Public Sector's Component Systems are not performing non-critical processes, but the system is still usable for its intended purpose or there is a workaround.	SunGard Public Sector has a stated goal to respond within four hours of the issue being reported.	
Minor 4	A support issue will be considered Minor when the issue causes minor disruptions in the way tasks are performed, but does not affect workflow or operations. This may include cosmetic issues, general questions, and how to use certain features of the system.	SunGard Public Sector has a stated goal to respond within 24 hours of the issue being reported.	

* Measured from the moment a Case number is created. As used herein a "Case number" is created when a) SunGard Public Sector's support representative has been directly contacted by Customer either by phone, email, in person, or through SunGard Public Sector's online support portal, and b) when SunGard Public Sector's support representative assigns a case number and conveys that case number to the Customer.

**CUSTOMER NO. 6090LG
CONTRACT NO. 00002935**

SOFTWARE LICENSE AND SERVICES AGREEMENT

BETWEEN

SunGard Public Sector Inc.
a Florida corporation

with headquarters at:

1000 Business Center Drive
Lake Mary, FL 32746

("SunGard Public Sector")

AND

City of Compton, CA
205 South Willowbrook Avenue
Compton, CA 90220

(for purposes of this Agreement, "Customer")

By the signatures of their duly authorized representatives below, SunGard Public Sector and Customer, intending to be legally bound, agree to all of the provisions of this Agreement and all Exhibits, Supplements, Schedules, Appendices, and/or Addenda to this Agreement.

The terms and conditions contained in this Agreement, including prices, will be honored as set forth herein, provided the Agreement is fully executed and delivered by December 31, 2013.

City of Compton, CA

SunGard Public Sector Inc.

BY: _____

BY: _____

PRINT NAME: _____

PRINT NAME
AND TITLE: _____

PRINT TITLE: _____

DATE SIGNED: _____

DATE SIGNED: _____

THIS AGREEMENT is made between SunGard Public Sector Inc. and Customer as of the Execution Date. The parties agree as follows:

1. Definitions.

"Baseline" means the general release version of a Component System as updated to the particular time in question through both SunGard Public Sector's warranty services and SunGard Public Sector's Maintenance Program, but without any other modification whatsoever.

"Component System" means any one of the computer software programs which is identified in Exhibit 1 as a Component System, including all copies of Source Code, Object Code and all related specifications, documentation, technical information, and all corrections, modifications, additions, improvements and enhancements to and all Intellectual Property Rights for such Component System.

"Confidential Information" means non-public information of a party to this Agreement. Confidential Information of SunGard Public Sector includes the Software, all software provided with the Software, and algorithms, methods, techniques and processes revealed by the Source Code of the Software and any software provided with the Software. Confidential Information does not include information that: (i) is or becomes known to the public without fault or breach of the Recipient; (ii) the Discloser regularly discloses to third parties without restriction on disclosure; or (iii) the Recipient obtains from a third party without restriction on disclosure and without breach of a non-disclosure obligation.

"Delivery Address" means the Customer shipping address set forth in Exhibit 1 as the Delivery Address.

"Delivery Date" means, for each Component System, the date on which SunGard Public Sector first ships the Component System to the Delivery Address F.O.B. SunGard Public Sector's place of shipment.

"Discloser" means the party providing its Confidential Information to the Recipient.

"Defect" means a material deviation between the Baseline Component System and its documentation, for which Defect Customer has given SunGard Public Sector enough information

to enable SunGard Public Sector to replicate the deviation on a computer configuration that is both comparable to the Equipment and that is under SunGard Public Sector's control.

"Execution Date" means the latest date shown on the signature page of this Agreement.

"Equipment" means a hardware and systems software configuration meeting the "Equipment" criteria set forth in Exhibit 1.

"Exhibit 1" means, collectively: (i) The schedule attached to this Agreement which is marked as "Exhibit 1," including all attached Software Supplements; and (ii) any schedule also marked as "Exhibit 1" (also including any attached Software Supplements) that is attached to any amendment to this Agreement. Other appendices to this Agreement are numbered sequentially and are also "Exhibits."

"Intellectual Property Rights" means all patents, patent rights, patent applications, copyrights, copyright registrations, trade secrets, trademarks and service marks and Confidential Information.

"Software" means the Component Systems listed in Exhibit 1.

"Customer Employees" means: (i) Customer's employees with a need to know; and (ii) third party consultants engaged by Customer who have a need to know, who have been pre-approved by SunGard Public Sector, and who, prior to obtaining access to the Software, have executed a SunGard Public Sector-approved non-disclosure agreement.

"Object Code" means computer programs assembled, compiled, or converted to magnetic or electronic binary form on software media, which are readable and usable by computer equipment.

"Recipient" means the party receiving Confidential Information of the Discloser.

"Software Supplement" means, with respect to a Component System, the addendum provided as part of Exhibit 1 that contains additional terms, conditions, limitations and/or other information

pertaining to that Component System. If any terms of a Software Supplement conflicts with any other terms of this Agreement, the terms of the Software Supplement will control.

"Source Code" means computer programs written in higher-level programming languages, sometimes accompanied by English language comments and other programmer documentation.

2. Right to Grant License and Ownership.

SunGard Public Sector has the right to grant Customer this license to use the Software. Except as otherwise indicated in a Software Supplement, SunGard Public Sector owns the Software.

3. License. Subject to the terms and conditions of this Agreement, SunGard Public Sector grants Customer a perpetual, non-exclusive, non-transferable license to use and copy for use the Software on the Equipment within the United States of America for Customer's own, non-commercial computing operations. Any rights not expressly granted in this Agreement are expressly reserved.

(a) Object Code. Customer has right to use the Software in Object Code form. Customer also has the right to use the Software in Object Code form temporarily on another SunGard Public Sector-supported configuration, for disaster recovery of Customer's computer operations.

(b) Documentation. Except as otherwise provided for in the applicable Software Supplement, Customer can make a reasonable number of copies of the documentation for each Component System for its use in accordance with the terms of this Agreement.

(c) Restrictions on Use of the Software. Customer is prohibited from causing or permitting the reverse engineering, disassembly or decompilation of the Software. Customer is prohibited from using the Software to provide service bureau data processing services or to otherwise provide data processing services to third parties. Customer will not allow the Software to be used by, or disclose all or any part of the Software to, any person except Customer Employees. Without limiting the foregoing, Customer is permitted to allow use of the input and/or output sensory displays of or from the Software by third parties on a strict "need to know" basis, and such use will not be deemed a non-permitted disclosure of the Software. Customer will not allow the Software, in whole or in part, to be exported outside of the United States of

America, in any manner or by any means, without in each instance obtaining SunGard Public Sector's prior written consent and, if required, a validated export license from the Office of Export Administration within the U.S. Department of Commerce and such other appropriate United States governmental authorities.

(d) Intellectual Property Rights Notices. Customer is prohibited from removing or altering any of the Intellectual Property Rights notice(s) embedded in or that SunGard Public Sector otherwise provides with the Software. Customer must reproduce the unaltered Intellectual Property Rights notice(s) in any full or partial copies that Customer makes of the Software.

4. Services.

(a) Generally. SunGard Public Sector will provide Customer with the information services identified in Exhibit 1, for the fees provided in Exhibit 1.

(b) Additional Services. SunGard Public Sector can also provide Customer with additional information services, at SunGard Public Sector's then-current rates, or at such other rates as are agreed to by the parties in an amendment to this Agreement.

(c) Workmanlike Skills. SunGard Public Sector will render all services under this Agreement in a professional and workmanlike manner. SunGard Public Sector will promptly replace any SunGard Public Sector personnel that are rendering services on-site at a Customer facility if Customer reasonably considers the personnel to be unacceptable and provides SunGard Public Sector with notice to that effect, provided that such replacement does not violate any law or governmental regulation applicable to such personnel replacement.

(d) Conditions On Providing Services. In each instance in which SunGard Public Sector is providing Customer with services, SunGard Public Sector and Customer will develop a project plan that identifies each party's responsibilities for such services. The project plan will describe in detail the tentative schedule and the scope of services that SunGard Public Sector will provide. Customer will establish the overall project direction, including assigning and managing the Customer's project personnel team. Customer must assign a project manager who will assume responsibility for management of the project. Customer must ensure that the Equipment is

#4.

operational, accessible and supported at the times agreed to by the parties in the project plan. While SunGard Public Sector is providing such services, Customer must provide SunGard Public Sector with such facilities, equipment and support as are reasonably necessary for SunGard Public Sector to perform its obligations, including remote access to the Equipment.

5. Delivery. Except as otherwise provided in Exhibit 1, SunGard Public Sector will deliver all Component Systems to Customer at the Delivery Address.

6. Payment and Taxes.

(a) Payment.

(i) License Fees. Fees for the Software will be due to SunGard Public Sector as provided for in Exhibit 1.

(ii) Professional Services Fees. Except as otherwise provided in Exhibit 1, fees for professional services will be invoiced on a monthly basis in arrears and will be due within thirty (30) days from the date of invoice. Customer will reimburse SunGard Public Sector for actual travel and living expenses that SunGard Public Sector incurs in providing Customer with services under this Agreement. Such travel and living expenses will be governed by the SunGard Public Sector Travel Expense Guidelines attached hereto as Exhibit 2 and will be invoiced on a monthly basis in arrears and due within thirty (30) days from the date of invoice.

(iii) Late Charge. SunGard Public Sector will have the right to charge a late fee to the extent that payment is received later than thirty (30) days from the date of invoice. Late fees will be calculated based on a per annum rate equal to the lesser of: (i) the prime lending rate established from time to time by Citizens Bank, Philadelphia, Pennsylvania plus three percent (3%); and (ii) the highest rate permitted by applicable law, and will be payable to SunGard Public Sector on demand.

(b) Taxes. Customer is responsible for paying all taxes (except for taxes based on SunGard Public Sector's net income or capital stock) relating to this Agreement, the Software, any services provided or payments made under this Agreement. Applicable tax amounts (if any) are NOT included in the fees set forth in this Agreement. If Customer is exempt from the payment of any such taxes, Customer must

provide SunGard Public Sector with a valid tax exemption certificate; otherwise, absent proof of Customer's direct payment of such tax amounts to the applicable taxing authority, SunGard Public Sector will invoice Customer for and Customer will pay to SunGard Public Sector all such tax amounts.

(c). Scheduled Resource Changes: For training and on-site project management sessions which are cancelled at the request of Customer within fourteen (14) days of the scheduled start date, Customer is responsible for entire price of the training or on-site project management plus incurred expenses.

7. Limited Warranty, Disclaimer of Warranty and Election of Remedies.

(a) Limited Software Warranty by SunGard Public Sector and Remedy For Breach. For each Component System, SunGard Public Sector warrants to Customer that, for a period of twelve (12) months after the Delivery Date, the Baseline Component System, as used by Customer on the Equipment for its own, non-commercial computing operations, will operate without Defects. For each Defect, SunGard Public Sector, as soon as reasonably practicable and at its own expense, will provide Customer with an avoidance procedure for or a correction of the Defect. If, despite its reasonable efforts, SunGard Public Sector is unable to provide Customer with an avoidance procedure for or a correction of a Defect, then, subject to the limitations set forth in Section 16 of this Agreement, Customer may pursue its remedy at law to recover direct damages resulting from the breach of this limited warranty. These remedies are exclusive and are in lieu of all other remedies, and SunGard Public Sector's sole obligations for breach of this limited warranty are contained in this Section 7(a).

(b) Disclaimer of Warranty. The limited warranty in Section 7(a) is made to Customer exclusively and is in lieu of all other warranties. **SUNGARD PUBLIC SECTOR MAKES NO OTHER WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH REGARD TO ANY SERVICES PROVIDED UNDER THIS AGREEMENT AND/OR THE SOFTWARE, IN WHOLE OR IN PART. SUNGARD PUBLIC SECTOR EXPLICITLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. SUNGARD PUBLIC SECTOR EXPRESSLY DOES NOT WARRANT THAT THE SOFTWARE, IN WHOLE OR IN PART, WILL BE ERROR**

FREE, WILL OPERATE WITHOUT INTERRUPTION OR WILL BE COMPATIBLE WITH ANY HARDWARE OR SOFTWARE OTHER THAN THE EQUIPMENT. CUSTOMER WAIVES ANY CLAIM THAT THE LIMITED WARRANTY SET FORTH IN SECTION 7(A) OR THE REMEDY FOR BREACH OF SUCH LIMITED WARRANTY FAILS OF ITS ESSENTIAL PURPOSE.

(c) Abrogation of Limited Warranty. The limited warranty in Section 7(a) will be null and void if: (i) anyone (including Customer) other than SunGard Public Sector modifies the Baseline Component System; or (ii) Customer does not implement changes that SunGard Public Sector provides to correct or improve the Baseline Component System. If despite any modification of the Component System, SunGard Public Sector can replicate the reported problem in the Baseline Component System as if the problem were a Defect, then SunGard Public Sector will nonetheless provide Customer with an avoidance procedure for or a correction of that reported problem for use in the Baseline Component System as though the reported problem were a Defect.

(d) FAILURE OF ESSENTIAL PURPOSE. THE PARTIES HAVE AGREED THAT THE LIMITATIONS SPECIFIED IN SECTIONS 7 AND 16 WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE, AND REGARDLESS OF WHETHER CUSTOMER HAS ACCEPTED ANY SOFTWARE OR SERVICE UNDER THIS AGREEMENT.

8. Confidential Information. Except as otherwise permitted under this Agreement, the Recipient will not knowingly disclose to any third party, or make any use of the Discloser's Confidential Information. The Recipient will use at least the same standard of care to maintain the confidentiality of the Discloser's Confidential Information that it uses to maintain the confidentiality of its own Confidential Information of equal importance. Except in connection with the Software and any software provided with the Software, the non-disclosure and non-use obligations of this Agreement will remain in full force with respect to each item of Confidential Information for a period of ten (10) years after Recipient's receipt of that item. However, Customer's obligations to maintain both the

Software and any software provided with the Software as confidential will survive in perpetuity.

9. Indemnity by SunGard Public Sector.

SunGard Public Sector will defend, indemnify and hold Customer harmless from and against any loss, cost and expense that Customer incurs because of a claim that use of a Baseline Component System infringes any United States copyright of others. SunGard Public Sector's obligations under this indemnification are expressly conditioned on the following: (i) Customer must promptly notify SunGard Public Sector of any such claim; (ii) Customer must in writing grant SunGard Public Sector sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if Customer chooses to represent its own interests in any such action, Customer may do so at its own expense, but such representation must not prejudice SunGard Public Sector's right to control the defense of the claim and negotiate its settlement or compromise); (iii) Customer must cooperate with SunGard Public Sector to facilitate the settlement or defense of the claim; (iv) the claim must not arise from modifications or (with the express exception of the other Component Systems and third party hardware and software specified by SunGard Public Sector in writing as necessary for use with the Software) from the use or combination of products provided by SunGard Public Sector with items provided by Customer or others. If any Component System is, or in SunGard Public Sector's opinion is likely to become, the subject of a United States copyright infringement claim, then SunGard Public Sector, at its sole option and expense, will either: (A) obtain for Customer the right to continue using the Component System under the terms of this Agreement; (B) replace the Component System with products that are substantially equivalent in function, or modify the Component System so that it becomes non-infringing and substantially equivalent in function; or (C) refund to Customer the portion of the license fee paid to SunGard Public Sector for the Component System(s) giving rise to the infringement claim, less a charge for use by Customer based on straight line depreciation assuming a useful life of five (5) years. **THE FOREGOING IS SUNGARD PUBLIC SECTOR'S EXCLUSIVE OBLIGATION WITH RESPECT TO INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.**

10. Term and Termination.

(a) Right of Termination. A party has the right to terminate this Agreement if the other party

#4.

breaches a material provision of this Agreement. Either party has the right to terminate this Agreement at any time while an event or condition giving rise to the right of termination exists. To terminate this Agreement, the party seeking termination must give the other party notice that describes the event or condition of termination in reasonable detail. From the date of its receipt of that notice, the other party will have thirty (30) days to cure the breach to the reasonable satisfaction of the party desiring termination. If the event or condition giving rise to the right of termination is not cured within that period, this Agreement will automatically be deemed terminated at the end of that period. However, notice to SunGard Public Sector of a suspected Defect will not constitute a notice of termination of this Agreement.

(b) Effect of Termination. Upon termination of this Agreement by either party, Customer will promptly return to SunGard Public Sector or (at SunGard Public Sector's request) will destroy all copies of the Software, and will certify to SunGard Public Sector in writing, over the signature of a duly authorized representative of Customer, that it has done so.

(c) Survival of Obligations. All obligations relating to non-use and non-disclosure of Confidential Information and indemnity will survive termination of this Agreement.

(d) Termination Without Prejudice to Other Rights and Remedies. Termination of this Agreement will be without prejudice to the terminating party's other rights and remedies pursuant to this Agreement.

11. Notices. All notices and other communications required or permitted under this Agreement must be in writing and will be deemed given when: Delivered personally; sent by United States registered or certified mail, return receipt requested; transmitted by facsimile confirmed by United States first class mail; or sent by overnight courier. Notices must be sent to a party at its address shown on the first page of this Agreement, or to such other place as the party may subsequently designate for its receipt of notices.

12. Force Majeure. Neither party will be liable to the other for any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control, including Acts of God, acts of war, accident, labor disruption, acts, omissions and defaults of third parties and official,

governmental and judicial action not the fault of the party failing or delaying in performance.

13. Assignment. Neither party may assign any of its rights or obligations under this Agreement, and any attempt at such assignment will be void without the prior written consent of the other party. For purposes of this Agreement, "assignment" will include use of the Software for benefit of any third party to a merger, acquisition and/or other consolidation by, with or of Customer, including any new or surviving entity that results from such merger, acquisition and/or other consolidation. However, the following will not be considered "assignments" for purposes of this Agreement: SunGard Public Sector's assignment of this Agreement or of any SunGard Public Sector rights under this Agreement to SunGard Public Sector's successor by merger or consolidation or to any person or entity that acquires all or substantially all of its capital stock or assets; and SunGard Public Sector's assignment of this Agreement to any person or entity to which SunGard Public Sector transfers any of its rights in the Software.

14. No Waiver. A party's failure to enforce its rights with respect to any single or continuing breach of this Agreement will not act as a waiver of the right of that party to later enforce any such rights or to enforce any other or any subsequent breach.

15. Choice of Law; Severability. This Agreement will be governed by and construed under the laws of the State of California, without reference to the choice of laws provisions thereof. If any provision of this Agreement is illegal or unenforceable, it will be deemed stricken from the Agreement and the remaining provisions of the Agreement will remain in full force and effect.

16. LIMITATIONS OF LIABILITY.

(a) LIMITED LIABILITY OF SUNGARD PUBLIC SECTOR. SUNGARD PUBLIC SECTOR'S LIABILITY IN CONNECTION WITH THE SOFTWARE, ANY SERVICES, THIS LICENSE OR ANY OTHER MATTER RELATING TO THIS AGREEMENT WILL NOT EXCEED THE FEE THAT CUSTOMER ACTUALLY PAID TO SUNGARD PUBLIC SECTOR (OR, IF NO DISCRETE FEE IS IDENTIFIED IN EXHIBIT 1, THE FEE REASONABLY ASCRIBED BY SUNGARD PUBLIC SECTOR) FOR THE COMPONENT SYSTEM OR SERVICES GIVING RISE TO THE LIABILITY.

(b) EXCLUSION OF DAMAGES. REGARDLESS WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, IN NO EVENT WILL SUNGARD PUBLIC SECTOR BE LIABLE TO CUSTOMER FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT SUNGARD PUBLIC SECTOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

(c) BASIS OF THE BARGAIN. CUSTOMER ACKNOWLEDGES THAT SUNGARD PUBLIC SECTOR HAS SET ITS FEES AND ENTERED INTO THIS AGREEMENT

IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH IN THIS AGREEMENT, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

17. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to its subject matter, and supersedes and extinguishes all prior oral and written communications between the parties about its subject matter. Any purchase order or similar document which may be issued by Customer in connection with this Agreement does not modify this Agreement. No modification of this Agreement will be effective unless it is in writing, is signed by each party, and expressly provides that it amends this Agreement.

Customer: **City of Compton, CA**

Delivery Address:
205 South Willowbrook Avenue
Compton, CA 90220

SOFTWARE¹:

Each of the following shall be Software licensed under this agreement:

- a) All Software that was previously licensed by Customer under the Software License and Support Agreement dated December 15, 1997, as amended, between the parties hereto (the "Legacy Agreement"). Upon the Execution Date of this Agreement, the previously licensed Software applications shall be included as Component Systems hereunder and the Legacy Agreement shall terminate.
- b) All Software which may be licensed by Customer from SunGard Public Sector under any future amendment(s) to this Agreement.

Component Systems (previously licensed):

Application
OS - Image Enabler
OS - CDD.Net
OS - Click, Drag, & Drill (Report Writer)
OS - Insight
OS - General Ledger
OS - Nucleus
OS - Accounts Payable/Encumbrances
OS - Accounts Receivable/Cash Receipts
OS - Check Management
OS - Person/Entity Database
OS - Fixed Assets
OS - AdHoc Report Writer
OS - Job Project Ledger
OS - Budget Item Detail
OS - Purchasing
OS - Stores Inventory
OS - Bid Management
OS - Grant Management
OS - Human Resources
OS - Position Budgeting
OS - Contract Management
OS - Open Link

Software Notes:

1. Any Interfaces identified in Schedule A are interfaces only. Customer shall be responsible for obtaining the applicable software, hardware and system software from the appropriate third party vendor.

SERVICES^{1,2}:

Product Code	Product Name	Type	Net Price
OS-FIN-BK	ONESolution Bank Reconciliation	Consulting Services	\$640.00
PS-HLC	Prof Svc-High Level Consulting Services Fee	Consulting Services	\$9,000.00
OS-FIN-BK	ONESolution Bank Reconciliation	Conversion	\$4,000.00
OS-FIN-BK	ONESolution Bank Reconciliation	Custom Development	\$1,600.00
OS-MIGR-7.X-SQL	ONESolution 7.x Unix to SQL Migration-No Upgrade	Installation	\$38,500.00
PS-WU	Prof Svc-Weekend Uplift Fee	Installation	\$1,750.00
OS-MIGR-7.X-SQL	ONESolution 7.x Unix to SQL Migration-No Upgrade	Project Management	\$12,160.00
PS-TR	Prof Svc-Training Fee	Training	\$25,600.00
Total:			\$93,250.00

Notes to Services Table:

¹ Pricing is a good faith estimate based on the information available to SunGard Public Sector at the time of execution of this Agreement. The total amount that Customer will pay for these services (i.e., the "TOTAL SERVICES FEE") will vary based on the actual number of hours of services required to complete the services. If required, additional services will be provided on a time and materials basis at hourly rates equal to SunGard Public Sector's then-current list price rates for the services at issue.

² Travel and living expenses are additional and will be billed monthly as SunGard Public Sector renders the services.

THIRD PARTY PRODUCTS¹:

Qty	Product Code	Product Name	Type	Net Price
1	OS-FCOREIF	ONESolution Financials Core-IFAS	License Fee	\$6,670.00
1	BICORE	Cognos BI: Base Bundle	License Fee	\$15,210.00
1	OS-FCOREIF	ONESolution Financials Core-IFAS	Annual Maintenance Fee	\$1,070.00
1	BICORE	Cognos BI: Base Bundle	Annual Maintenance Fee	\$2,430.00
1	BICORE	Cognos BI: Base Bundle	Prof Svc-Installation	\$1,400.00
1	BICORE	Cognos BI: Base Bundle	Prof Svc-Project Management	\$640.00
1	COGNOS-TRAIN-MAX	Cognos BI: Onsite Training Package Bundle (MAX)	Prof Svc-Training	\$9,725.00
Total:				\$33,645.00

Notes to Third Party Products Table:

¹ Actual shipping charges are additional and will be due upon delivery.

#4.

Long Descriptions – Third Party Products				
BICORE: Includes 1 BI Administrator, 1 Anonymous BI Enhanced Consumer, and Framework Manager.				
COGNOS-TRAIN-MAX: Training is performed by Data Clarity. Cognos student fee for training material is included in base price.				
License Role	Training Title	Delivery	Duration	Cost (1,2)
BI Professional/BI Advanced Business Author				
	IBM Cognos BI Overview (including Cognos Connection)/IBM Cognos BI Business Insight	Onsite	1 day-	
	IBM Cognos BI Business Insight Advanced	Onsite	2 days-	
	IBM Cognos BI Report Studio Essentials	Onsite	2 days-	
BI Enhanced Consumer				
	IBM Cognos BI Overview (including Cognos Connection)/IBM Cognos BI Business Insight	Onsite	1 day-	
(Max of 12 students)				

APPLICABLE TAXES ARE NOT INCLUDED IN THIS EXHIBIT 1, AND, IF APPLICABLE, WILL BE ADDED TO THE AMOUNT IN THE PAYMENT INVOICE(S) BEING SENT SEPARATELY TO THE CUSTOMER.

The amounts noted above shall be payable as follows:

Installation: On invoice, upon completion.

Project Management: 100% on the Execution Date.

Training Fees: On invoice, upon completion.

Consulting Services Fees): On invoice daily, as incurred.

Conversion Fees: 50% on the Execution Date; 50% on invoice, upon completion.

Custom Development Fees: 100% on the Execution Date

Third Party Products License Fees: 100% on the Execution Date

Third Party Products Prof. Services Fees: 50% on the Execution Date; 50% on invoice, upon completion.

Third Party Products Initial Annual Maintenance: The initial annual maintenance fee is included in the License fee. The Annual Maintenance Fee amount shown in Exhibit 2 - Schedule A is for the second year of Third Party Product annual maintenance and is due prior to commencement of the second annual term. Annual Maintenance Fees for subsequent terms are subject to change and will be invoiced by and paid directly in advance to SunGard Public Sector.

Summary of Fees

Description	Type	Totals
Professional Services	Consulting Services	\$9,640.00
Professional Services	Custom Development	\$1,600.00
Professional Services	Project Management	\$12,160.00
Professional Services	Training	\$25,600.00
Professional Services	Conversions	\$4,000.00
Professional Services	Installation	\$40,250.00
Third Party	License	\$21,880.00
Third Party	Maintenance	\$3,500.00
Third Party	Services	\$11,765.00

Total License Fees and Professional Services (Excludes Maintenance)	
	\$126,895.00
Total Amount	
	\$126,895.00

EQUIPMENT: Host(s) or client server configuration(s) and/or combinations of host(s) and client server configuration(s) within the United States of America for which SunGard Public Sector supports the Software. Customer acknowledges that certain Component Systems of the Software may require specific host or client configurations. Customer, as soon as reasonably practicable, will provide a detailed written description of the Equipment so that SunGard Public Sector can confirm that it is a configuration on which SunGard Public Sector supports use of the Software.

NOTICE: To use any of the Software, Customer must also obtain, install on the Equipment and maintain SunGard Public Sector-supported versions of certain software products and software/hardware peripherals. By this notice, SunGard Public Sector is advising Customer that Customer should consult with its SunGard Public Sector Professional Services representative to obtain a written listing of such necessary software products and software/hardware peripherals.

Number of Software Supplements Attached: 1

EXHIBIT 2

SUNGARD PUBLIC SECTOR TRAVEL EXPENSE GUIDELINES

SunGard Public Sector will adhere to the following guidelines when incurring travel expenses:

All arrangements for travel are to be made through the SunGard Corporate Travel Agent unless other arrangements have been made with the Customer and are documented in writing.

AIR TRAVEL – SunGard Public Sector will use the least expensive class of service available with a minimum of seven (7) day, maximum of thirty (30) day, advance purchase. Upon request, SunGard Public Sector shall provide the travel itinerary as the receipt for reimbursement of the air fare and any fees. Fees not listed on the itinerary will require a receipt for reimbursement.

Trips fewer than 250 miles round are considered local. Unless a flight has been otherwise approved by the Customer, Customer will reimburse the current IRS approved mileage rate for all local trips.

LODGING –Reasonable lodging accommodations are reimbursable, up to \$125 per night. If, depending on the city, reasonable accommodations cannot be secured for \$125 per night, Customer's prior approval will be required. Upon request by Customer, the hotel receipt received upon departure will be submitted for reimbursement. All food items, movies, and phone/internet charges are not reimbursable.

RENTAL CAR – Compact or Intermediate cars will be required unless there are three or more SunGard Public Sector employees sharing the car in which case the use of a full size car is authorized. Gas is reimbursable however pre-paid gas purchases will not be authorized and all rental cars are to be returned with a full tank of gas. Upon request, receipts for car rental and gas purchases will be submitted to Customer. SunGard Public Sector shall decline all rental car insurance offered by the car rental agency as staff members will be covered under the SunGard Public Sector auto insurance policy. Fines for traffic violations are not reimbursable expenses.

OTHER TRANSPORTATION – SunGard Public Sector staff members are expected to use the most economical means for traveling to and from the airport (Airport bus, hotel shuttle service). Airport taxi or mileage for the employee's personal vehicle (per IRS mileage guidelines) are reimbursable if necessary. Upon request, receipt(s) for the taxi will be submitted to Customer. Proof of mileage may be required and may be documented by a readily available electronic mapping service. The mileage rate will be the then-current IRS mileage guideline rate (subject to change with any change in IRS guidelines).

OTHER BUSINESS EXPENSES – Parking at the airport is reimbursable. Tolls to and from the airport and while traveling at the client site are reimbursable. Tipping on cab fare exceeding 15% is not reimbursable. Porter tips are reimbursable, not exceeding \$1.00 per bag. Laundry is reimbursable for hotel stays longer than four days while at the client site. With the exception of tips, receipts shall be provided to Customer upon request for all of the aforementioned items.

MEALS

\$52.00 per day Standard Per Diem

\$10.40 – Breakfast

\$13.00 – Lunch

\$28.60 – Dinner

THIRD PARTY PRODUCTS SUPPLEMENT

1.1. Grant of Third Party Licenses. Where applicable, SunGard Public Sector grants to Customer a personal, non-transferable, non-exclusive, limited-scope sublicense to use, in accordance with the license, use and confidentiality restrictions and other provisions of this Agreement, the third party software set forth on Exhibit 1 ("Third Party Software Products") subject to the following additional conditions: (i) the Third Party Product shall be used only in conjunction with any permissible use of the Component System software specifically authorized hereunder, and (ii) the Third Party Products shall be used only in accordance with the Third Party Products documentation.

1.2. Third Party Products. During the term of this Agreement, SunGard shall use reasonable efforts to provide Customer the benefit of all indemnities and warranties granted to SunGard Public Sector by the licensor(s) of the Third Party Products, to the extent possible without additional cost to SunGard Public Sector, as and if permitted by SunGard Public Sector's agreement with the licensor of the Third Party Products, and to the extent such warranties and indemnities pertain to Customer's use of the Third Party Products hereunder. In the event of any defect in any Third Party Products supplied by SunGard Public Sector, SunGard Public Sector will use commercially reasonable efforts to replace or correct the Third Party Products without charge, unless it has been damaged or corrupted after supply by SunGard Public Sector (including, but not limited to, damage caused by incorrect use, incorrect voltage or attempts to modify the Software or Third Party Products). If such damage or corruption has occurred after supply by SunGard Public Sector, SunGard Public Sector reserves the right to refuse to replace or correct the Third Party Products or to impose charges for so doing. Provided that SunGard Public Sector complies with this provision, it shall face no further liability with respect to any defect in any Third Party Products.

RESOLUTION SIGN-OFF FORM

DEPARTMENT: General Services

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A SOFTWARE LICENSE AND SERVICES AGREEMENT AND ISSUE A PURCHASE ORDER TO SUNGARD PUBLIC SECTOR INC. TO UPGRADE THE FINANCIAL SYSTEM TO SUNGARD ONE SOLUTION FINANCIAL SOFTWARE

Van Wilson
DEPARTMENT MANAGER’S SIGNATURE

10/10/2013 10:59:56 AM
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

Stephen Ajobiewe
CITY CONTROLLER

10/3/2013 9:36:44 AM
DATE

G. Harold Duffey
CITY MANAGER

10/2/2013 9:50:21 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

November 19, 2013

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING RESOLUTION NO. 23,825 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MI HOPE, INC. TO PROVIDE MANAGEMENT SERVICES FOR THE CITY OF COMPTON "BLUE LINE FARMERS' MARKET."

SUMMARY

The City Council will consider adopting a resolution that will amend specific provisions of Resolution No. 23,825, which authorized agreements with Los Angeles County Metro and Blessed Without Limits, Inc. ("Blessed"), for the City of Compton "Blue Line Farmers' Market" ("market"), and authorize the City Manager to enter into an agreement with MI Hope, Inc. ("Hope"), which will replace Blessed Without Limits, Inc., to provide management services for the Blue Line Farmers' Market.

BACKGROUND

On July 30, 2013, the City Manager submitted a report to the City Council providing details on the establishment of a City of Compton sponsored "Blue Line Farmers' Market." This report indicated that based on the Council's desire to provide the community access to healthy foods, a weekly (every Wednesday, 3:00 to 7:00 p.m.), Farmers' Market would be established in the City in front of the Martin Luther King Jr. Transit Center. This Market would be broken into two (2) phases to maximize the potential growth of the vendors interesting in staying connected with the Market on an annual basis. Phase 1 of the Market would consist of up to 25 vendors, including vendor food trucks. Phase 2 will include an additional 15 vendors and Phase 3 will include the final 15 vendors for a total of 55 available spaces. The Council authorized the City Manager to negotiate agreements with Market sponsors and vendors and directed staff to return with proposed final agreements and Market plans.

On September 3, 2013, the Council adopted Resolution No. 23,825, which authorized the City Manager to enter into two (2) agreements in furtherance of the objective of establishing the Market; to wit: a cross-promotional agreement with Los Angeles County Metropolitan Authority as a Market sponsor, and Blessed as the Market Manager, however, subsequent to adoption of Resolution No. 23,825, Blessed ended its engagement with the Market due to fiscal issues

**Staff Report – Resolution Amending
Resolution 23,825, Authorize Agreement
With MI Hope, Inc. For Management of
“Blue Line Farmers’ Market
November 19, 2013, page 2**

and the City negotiated Market management responsibilities with Hope and thus seeks Council approval to amend provisions of Resolution No. 23,825 to substitute Hope as the Market Manager in place of Blessed.

STATEMENT OF ISSUE

MI Hope, Inc. is a 501(c)(3) organization that will serve as the Manager of the Market for the term of September 4, 2013 through June 30, 2014, to provide ongoing administrative support; including, but not limited to the collection of fees, marketing and advertisement, dispute resolution and verification of required licensing. Payments for management services will be based on verified sponsorships and net revenues from vendor fees collected that exceed the City’s incurred costs for the provision of maintenance, security and other operational services to the Market.

FISCAL IMPACT

There is no anticipated fiscal impact to the General Fund. The goal is for the Market to be self-sustaining and administered to ensure full cost recovery. All expenditures associated with the operation and management of the Market should be offset with Market revenues. Payment for management services to MI Hope, Inc. will be based on verified revenues received from sponsorships and vendor fees collected less any City incurred costs to the Market. After deduction of the City’s costs associated with the Market, Hope shall receive 80% of net revenues collected from Market vendor fees and 35% of net revenues collected from Market sponsorship fees.

Staff projects approximately \$20,000 in annual expenditures and \$25,000 to \$40,000 in revenues for Fiscal Year 2013-2014 (assuming 65-75% vendor occupancy). All revenues will be recorded in Account No. 1001 000 000 3267.

ALTERNATIVE

Due to the City’s lack of experienced staff capable of providing farmers’ market management services, no other alternative is proposed. If this proposed resolution is not adopted, the City may be required to terminate its sponsorship agreement with the Los Angeles County Metro and eliminate the Market until such time as sufficient and experienced in-house staff is brought on board or other alternatives may be presented to the Council.

**Staff Report – Resolution Amending
Resolution 23,825, Authorize Agreement
With MI Hope, Inc. For Management of
“Blue Line Farmers’ Market
November 19, 2013, page 3**

RECOMMENDATION

Staff recommends the City Council adopt the attached resolution.

**G. HAROLD DUFFEY
CITY MANAGER**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING RESOLUTION NO. 23,825 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MI HOPE, INC. TO PROVIDE MANAGEMENT SERVICES FOR THE CITY OF COMPTON “BLUE LINE FARMERS’ MARKET.”

WHEREAS, on July 30, 2013, the City Manager submitted a report to the City Council providing details on the establishment of a City of Compton sponsored “Blue Line Farmers’ Market” to be established in the City in front of the Martin Luther King Jr. Transit Center; and

WHEREAS, the City Council authorized the City Manager to negotiate agreements with Market sponsors and vendors and directed staff to return with proposed final agreements and Market plans; and

WHEREAS, on September 3, 2013, the Council adopted Resolution No. 23,825, which authorized the City Manager to enter into two (2) agreements in furtherance of the objective of establishing the Market; to wit: a cross-promotional agreement with Los Angeles County Metropolitan Authority as a Market sponsor, and Blessed Without Limits, Inc., as the Market Manager, however, subsequent to adoption of Resolution No. 23,825, Blessed Without Limits, Inc. ended its engagement with the Market due to fiscal issues; and

WHEREAS, the City negotiated with MI Hope, Inc., a 501 (c)(3) organization, to serve as Manager of the Compton “Blue Line Farmers’ Market, and thus seeks City Council approval to amend provisions of Resolution No. 23,825 to substitute MI Hope, Inc., as the Market Manager in place of Blessed Without Limits, Inc.; and

WHEREAS, payments to MI Hope, Inc. for management services will be based on verified sponsorships and net revenues from vendor fees collected that exceed the City’s incurred costs for the provision of maintenance, security and other operational services to the Market; and

WHEREAS, staff projects approximately \$20,000 in annual expenditures and \$25,000 to \$40,000 in revenues for Fiscal Year 2013-2014 (assuming 65-75% vendor occupancy) from the “Blue Line Farmers’ Market.”

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. That Resolution No. 23,825, adopted by the City Council on September 3, 2013, is hereby amended so as to rescind any and all provisions authorizing the City Manager to enter into an agreement with and pay compensation to Blessed Without Limits, Inc., to act as the City’s Market Manager of the “Blue Line Farmers’ Market.” All other provisions of Resolution No. 23,825 shall remain in effect.

Section 2. That the City Manager, upon advice of the City Attorney, is hereby authorized to enter into an agreement with MI Hope, Inc. to act as the City’s Market Manager of the “Blue Line Farmers’ Market” for the term of September 4, 2013 through June 30, 2014.

Section 3. That the City Manager is authorized to pay MI Hope, Inc. as compensation for its services to be rendered for the “Blue Line Farmers’ Market,” the sum of eighty percent (80%) of the total net revenues collected by/for the City from “Blue Line Farmers’ Market” sponsorship fees during the term of the agreement.

Section 4. That the City Manager is further authorized to pay MI Hope, Inc. as compensation for its services to be rendered for the “Blue Line Farmers’ Market,” the sum of thirty-five percent (35%) of the total net revenues collected by/for the City from “Blue Line Farmers’ Market” vendor fees during the term of the agreement.

Section 5. That funds for payments to MI Hope, Inc. for services rendered during the term of the agreement are available in Account No. 1001 000 000 3267.

Section 6. That a copy of this Resolution shall be filed in the offices of the City Manager, City Controller, City Clerk and the City Attorney.

Section 7. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2013.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2013.

That said Resolution was adopted by the following vote to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON



Project Expense Table

City Operating Expenses		
Permits		Annual
Department of Agriculture		\$408
Department of Public Health		\$187
Total Annual Fee(s)		\$595
Weekly Expense	Per Week	Monthly
One (1) 3-compartment Sink	\$154.50	\$618.00
One (1) portable toilet	\$17.72	\$70.90
Total every 28 days	\$172.22	\$688.90
Insurance		\$252.00
City Personnel	Four (4) Hours	Month
Two (2) Public Works (Drainage/Street Closure)	\$30	\$240
Fire	\$0.00	\$0.00
Two (2) General Services	\$40.00	\$320.00
Sheriff		
MLES	\$0.00	\$0.00
Total Personnel Expense		\$560.00
Total Project Expense	Monthly	\$1,500

RESOLUTION SIGN-OFF FORM

DEPARTMENT: City Management

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING RESOLUTION NO. 23,825 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MI HOPE, INC. TO PROVIDE MANAGEMENT SERVICES FOR THE CITY OF COMPTON "BLUE LINE FARMERS' MARKET."

Terrance C. Davis
DEPARTMENT MANAGER’S SIGNATURE

10/2/2013 10:22:52 AM
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

Stephen Ajobiewe
CITY CONTROLLER

10/3/2013 9:32:32 AM
DATE

G. Harold Duffey
CITY MANAGER

10/2/2013 9:49:52 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

November 19, 2013

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: GLEN W. C. KAU, P.E., DIRECTOR OF PUBLIC WORKS AND MUNICIPAL UTILITIES

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO RON'S MAINTENANCE, INC. FOR CATCH BASIN CLEANING SERVICES FOR FISCAL YEAR 2013-2014

SUMMARY

This Resolution authorizes the City Manager to issue a purchase order to Ron's Maintenance, Inc. for catch basin cleaning services.

BACKGROUND

On May 7, 2013, pursuant to Resolution No. 23,749, City Council authorized the City Manager to enter into an agreement with Ron's Maintenance, Inc. for catch basin cleaning services in the amount of \$154,836 annually for Fiscal Years July 1, 2012 through June 30, 2015. Resolution No. 23,749 indicated that funding shall be appropriated in future City budgets.

STATEMENT OF THE ISSUE

The Public Works and Municipal Utilities Department is requesting the City Council to authorize the City Manager to issue a Purchase Order to Ron's Maintenance, Inc. for catch basin cleaning services for the City of Compton and Municipal Utilities for Fiscal Year 2013-2014.

The funds for this expenditure are in the Public Works Department's 2013-2014 Fiscal Year budget in Account Number 2502-720-000-4269. The balance as of this writing is \$154,836.

ALTERNATIVE

If the City of Compton does not approve the catch basin cleaning services, the City will not be in compliance with the State mandated Storm Water Program Trash requirements and will not be able to provide the City with catch basin cleaning services.

#6.

Staff Report
Ron's Maintenance, Inc./Catch Basin Cleanout
November 19, 2013, Page 2

STAFF RECOMMENDATION

Staff recommends the adoption of the attached resolution.

**GLEN W. C. KAU, P.E., DIRECTOR OF PUBLIC WORKS
AND MUNICIPAL UTILITIES DEPARTMENT**

APPROVED FOR FORWARDING:

**G. HAROLD DUFFEY
CITY MANAGER**

GHD/GK/RC

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO
RON’S MAINTENANCE, INC. FOR CATCH BASIN CLEANING SERVICES
FOR FISCAL YEAR 2013-2014**

WHEREAS, on May 7, 2013, pursuant to Resolution No. 23,749, City Council authorized the City Manager to enter into an agreement with Ron’s Maintenance, Inc. for catch basin cleaning services in the amount of \$154,836 annually for Fiscal Years July 1, 2012 through June 30, 2015; and

WHEREAS, the Public Works and Municipal Utilities Department is requesting the City Council to authorize the City Manager to issue a Purchase Order to Ron’s Maintenance, Inc. for catch basin cleaning services for the City of Compton for Fiscal Year 2013-2014; and

WHEREAS, the funds for this expenditure are in the Public Works Department’s 2013-2014 Fiscal Year budget in Account Number 2502-720-000-4269.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Manager is hereby authorized to issue a purchase order to Ron’s Maintenance, Inc. in an amount not to exceed \$154,836.00 for services rendered in Fiscal Year 2013-2014.

SECTION 2. That the funds for these expenditures are in the Public Works and Municipal Utilities Department’s 2013-2014 Fiscal Year budget in Account No. 2502-720-000-4269 in an amount not to exceed \$154,836. Funds to pay for additional fiscal years shall be appropriated in future City budgets.

SECTION 3. That a copy of this Resolution shall be filed in the offices of the City Manager, City Controller, City Clerk and the Public Works and Municipal Utilities Department.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2013.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

Resolution No. _____
Page 2

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2013.

That said Resolution was adopted by the following vote to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

RESOLUTION SIGN-OFF FORM

DEPARTMENT: Public Works-Engineering

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO RON’S MAINTENANCE, INC. FOR CATCH BASIN CLEANING SERVICES FOR FISCAL YEAR 2013-2014

Glen Kau
DEPARTMENT MANAGER’S SIGNATURE

11/6/2013 12:01:54 PM
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

Stephen Ajobiewe
CITY CONTROLLER

11/13/2013 3:37:59 PM
DATE

G. Harold Duffey
CITY MANAGER

11/6/2013 1:16:10 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

November 19, 2013

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, APPROVING A CHANGE TO THE SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN COMPTON SENIOR APARTMENTS, L.P. AND THE CITY OF COMPTON, AND APPROVING THE SUBORDINATION OF SENIOR HOUSEHOLD AND LOW-INCOME RESTRICTIONS IN THE CONDITIONAL USE PERMIT FOR THE PROJECT TO THE PRIMARY LENDER'S DEED OF TRUST

SUMMARY

Staff respectfully requests the City Council to approve: (A) a change to the above-referenced "Estoppel and Second Amendment to Disposition and Development Agreement" between Compton Senior Apartments, LP (Meta Housing) and the City of Compton acting as the successor to the Housing Assets and functions of the former Community Redevelopment Agency of the City of Compton ("Second Amendment") for disposition of certain property (a housing asset) located in the North Downtown Master Plan area; and (B) the subordination of senior low income household affordability conditions in the Conditional Use Permit for the housing project to the senior deed of trust securing financing for the project.

BACKGROUND

On March 11, 2009, the Planning Commission of the City of Compton adopted Resolution 3869 granting Conditional Use Permit for Case Nos. 2626 and 2629 (for the project), which included the following conditions (the "CUP Restrictions"):

"1. That the proposed development must be reserved for those households as defined in the project description, seniors age 55 years and older and their companions."

"3. That an agreement, negotiated between the applicant and/or developer and the City, satisfactory to the City Attorney shall be approved and submitted to the Planning and Economic Development Department before issuance of a building permit, which shall ensure that the units remain at the applicable income level for at least thirty (30) years. If the Compton Redevelopment Agency provides financial assistance to the developer of the project, a longer term of affordability may apply."

#7.

In June 2009, the Agency entered into a Disposition and Development Agreement with Compton Senior Apartments L.P. for the project (the “DDA”). The Meta Housing development is a proposed 75-unit senior citizen development on the southeast corner of Tamarind Avenue and Carson Place within the North Downtown Specific/Master Plan area. The proposed development will consist of fifteen (15) two-bedroom units with an average size of 775 square feet and sixty (60) one-bedroom units with average of 563-567 square feet per unit. The rents will be from \$481 to \$961 for the senior housing units will be set at a fixed rate not to exceed the low-income limits determined by the U.S. Department of Housing and Urban Development (HUD).

On March 20, 2012, the Agency executed a First Amendment to Disposition and Development Agreement to provide an additional twelve (12) months for closing and reconveyance of a deed of trust and to change the name in the DDA from the former Community Redevelopment Agency to the City as successor to the Agency’s housing assets.

On November 12, 2013, the City Council approved an Estoppel and Second Amendment to Disposition and Development Agreement (“Second Amendment”) and authorized the City Manager to sign subordination agreements required by project lenders.

STATEMENT OF THE ISSUES

Citibank, N.A., the primary/senior lender for the project, has insisted as a condition to providing financing that the City subordinate the CUP Restrictions (i.e., the restrictions to senior or low income households) to its deed of trust, so that if its deed of trust is foreclosed, such CUP Restrictions will be terminated and extinguished, and the project may be rented to non-senior households at market rents. Although the council’s action on November 12 authorized the City Manager to sign subordinations, considering that the CUP is a land use/entitlement permit, staff desires to confirm that the CUP Restrictions may be subordinated. Staff recommends that the City Council approve the subordination of the CUP Restrictions because it is required by the senior/primary lender, who will not provide financing without such approval. The form of the requested Subordination and Intercreditor Agreement is attached as Exhibit “A”.

Additionally, although the City Council approved the Second Amendment to DDA on November 12, the Developer has made a change to Section 10 thereof to delay the funding of a capital replacement reserve from the closing of the sale of the property by the City to the Developer to a later date---specifically, the finding of the tax credit investors’ fourth capital contribution, which is to occur soon after the project is completed. Staff recommends that the City Council approve this change as the capital replacement reserve should not, as a practical matter be needed, until then. A copy of the Second Amendment, marked to show the requested change (in Section 10 thereof) is attached hereto as Exhibit “B”.

The closing of the sale and the financing is anticipated to occur by the end of this week.

FISCAL IMPACT

There should be no fiscal impact to the City’s General Fund.

RECOMMENDATION

Staff respectfully recommends and requests the City Council approve (i) the subordination of the CUP Restrictions to the Citibank deed of trust under the subordination agreement attached hereto as Exhibit "A"; (ii) the modification to the Second Amendment of DDA shown on Exhibit "B"; and (iii) confirm that the City Manager has the authority to sign all documents on behalf of the City and on behalf of the City as successor to housing assets that may be necessary or convenient to close the transaction described in the DDA, including such modified Second Amendment to DDA and such Citibank subordination agreement.

G. HAROLD DUFFEY
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, APPROVING A CHANGE TO THE SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN COMPTON SENIOR APARTMENTS, L.P. AND THE CITY OF COMPTON, AND APPROVING THE SUBORDINATION OF SENIOR HOUSEHOLD AND LOW-INCOME RESTRICTIONS IN THE CONDITIONAL USE PERMIT FOR THE PROJECT TO THE PRIMARY LENDER'S DEED OF TRUST

WHEREAS, the Community Redevelopment Agency of the City of Compton ("Agency") was dissolved on February 1, 2012 pursuant to Part 1.85 of AB X1 26 of the California legislature, and Health and Safety Code Section 34176(a) (as contained in Part 1.85 of AB X1 26) provides that (i) a city that created a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency, and (ii) if a city so elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city; and

WHEREAS, the City, by its Resolution No. 23,498, adopted on February 28, 2012, elected to retain the housing assets and functions previously performed by the Agency, as provided in Health and Safety Code Section 34176(a); and

WHEREAS, on March 11, 2009, the Planning Commission of the City of Compton adopted Resolution 3869 granting a Conditional Use Permit ("CUP") for case Nos. 2626 and 2629 (for the project), which restricted renters to senior low income households in conditions 1 and 3 of the CUP (the "CUP Restrictions");

WHEREAS, Compton Senior Apartments L.P. (the "Developer") and the Agency entered into a Disposition and Development Agreement dated June 1, 2009 (the "DDA") for the acquisition of land that is a housing asset for the purpose of constructing a low/mod senior housing project; and

WHEREAS, on March 20, 2012, the Commission amended the DDA to provide an additional twelve (12) months for closing, reconveyance of a deed of trust, and to change the name from the former Community Redevelopment Agency to the City as housing successor; and

WHEREAS, on November 12, 2013, the City Council approved an Estoppel and Second Amendment to Disposition and Development Agreement (the "Second Amendment") in order to facilitate additional financing for the project and confirmed that the City Manager will have the authority to sign all documents necessary to close the transactions described in the DDA (including subordination agreements required by other project lenders).

WHEREAS, the senior lender for the project (Citibank) has asked that the City expressly approve the subordination of senior household and low-income restrictions in the CUP to its deed of trust as a condition to providing financing for the project, and the Developer has asked that the City approve a change to the form of the Second Amendment to delay the funding of a capital replacement reserve from the closing to the date of the tax credit investors fourth capital contribution (which should occur soon after the project is completed).

NOW, THEREFORE, THE CITY COUNCIL ACTING ON BEHALF OF THE CITY AS SUCCESSOR TO THE HOUSING ASSETS OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, AND ALSO ACTING AS THE CITY, HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:

Section 1. That the City Council approves the change to the Second Amendment to Disposition and Development Agreement between Compton Senior Apartments, L.P. and the City of Compton as attached.

Section 2. That the City Council approves the subordination of the CUP Restrictions to the Citibank deed of trust securing the primary financing for the project as attached.

Section 3. That the City Council authorizes the City Manager to execute the subordination agreement requested by Citibank and the modified Second Amendment to DDA requested by the Developer.

Section 4. That a certified copy of this resolution shall be filed in the offices of the City Manager, Successor Agency, City Attorney, City Controller, and City Clerk.

Section 5. That the Mayor shall sign and the Clerk shall attest to the adoption of this resolution.

ADOPTED this ____ day of _____, 2013.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing resolution was adopted by the City Council, signed by the Mayor, and attested by the City Clerk at the regular meeting thereof held on the ____ day of _____, 2013.

That said resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS -
NOES: COUNCIL MEMBERS -
ABSENT: COUNCIL MEMBERS -

CITY CLERK OF THE CITY OF COMPTON

**ESTOPPEL AND SECOND AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT**

This Estoppel and Second Amendment to Disposition and Development Agreement (the “Amendment”) is made and entered into as of this ____ day of November 2013, by and between Compton Senior Apartments L.P., a California limited partnership (the “Redeveloper”) and the City of Compton (the “City”), as successor in interest to the housing assets and functions of the Community Redevelopment Agency of the City of Compton (the “Former Agency”), with reference to the following recitals of fact:

R E C I T A L S:

A. WHEREAS, the Redeveloper and the Former Agency entered into that certain Disposition and Development Agreement, dated as of June 1, 2009, as amended by that certain First Amendment thereto dated as of March 20, 2012 (collectively, the “Original Agreement”), with respect to the acquisition and development of certain real property more fully described therein (the “Project”); and

B. WHEREAS, pursuant to the terms of the Original Agreement, the Former Agency agreed to assist in the development of the Project by providing financial assistance in the form of a subordinate purchase money loan in the amount not to exceed Three Million Dollars (\$3,000,000), representing the fair market value of and purchase price for the Property plus One Million One Hundred Twenty Five Thousand Dollars (\$1,125,000.00) for costs and expenses related to development and site improvement as described in the Loan Budget (hereinafter defined) resulting in a total amount of Four Million One Hundred Twenty-Five Thousand Dollars (\$4,125,000) (the “Residual Receipts Loan”).

C. WHEREAS, the Former Agency was dissolved on February 1, 2012 pursuant to Part 1.85 of AB X1 26 of the California legislature, and Health and Safety Code Section 34176(a) (as contained in Part 1.85 of AB X1 26) provides that (i) a city that created a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency, and (ii) if a city so elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city; and

D. WHEREAS, the City, by its Resolution No. 23,498, adopted on February 28, 2012, elected to retain the housing assets and functions previously performed by the Former Agency, as provided in Health and Safety Code Section 34176(a); and

E. WHEREAS, the City, as successor in interest to the Former Agency with respect to the Original Agreement, and Redeveloper desire to amend the Original Agreement as set forth in this Amendment. For purposes hereof, the Original Agreement and this Amendment shall be collectively referred to herein as the “DDA”.

A G R E E M E N T:

1. Original Agreement. Except as amended hereby, the Original Agreement remains unmodified and in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Original Agreement.

2. No Default. Neither the Former Agency nor City has given any notice of default pursuant to the DDA that has not been cured and, to the best of City's knowledge, no event or circumstance exists which, with the giving of notice or the passage of time, or both, would constitute a default under any of the DDA.

3. Removal of General Partner. Notwithstanding anything to the contrary contained in the DDA, the City will permit the Tax Credit Investor to remove the general partner of the Redeveloper in accordance with the Redeveloper's Amended and Restated Partnership Agreement, provided that the substitute general partner shall be acceptable to the City in its reasonable discretion. City shall respond to any request to approve a substitute general partner within fifteen (15) Business Days, and any request which is not specifically disapproved within fifteen (15) Business Days shall be deemed to be approved. An affiliate of the Tax Credit Investor shall be an acceptable substitute general partner or management agent.

4. Assignment and/or Transfer of Tax Credit Investor' Interests. Notwithstanding anything to the contrary contained in the DDA, the transfer of the Tax Credit Investor's limited partnership interest in Redeveloper, or a transfer of an interest in the Tax Credit Investor, shall not constitute a default and shall not require City's consent. City hereby approves the admission of the RSEP Holding, LLC as initial Tax Credit Investor of the Redeveloper.

5. Notice and Cure Rights. Notwithstanding anything to the contrary contained in the DDA, City hereby agrees that City shall give the Redeveloper and the Tax Credit Investor notice of a default under the Loan Documents and at least 30 days within which to cure such default (or such longer time as may be provided for in the Loan Documents) before City shall have the remedies described therein and that any cure of any default made or tendered by the Tax Credit Investor shall be deemed to be a cure by the Redeveloper and shall be accepted or rejected on the same basis as if made or tendered by the Redeveloper. Copies of all notices which are sent to the Redeveloper under the terms of the Loan Documents shall also be sent to the Tax Credit Investor at the following address:

Red Stone Equity Manager, LLC
200 Public Square, Suite 1550
Cleveland, OH 44114
Attention: Managing Director & General Counsel
Fax No. 216.820.4751

6. Section 1.3.1(f). Section 1.3.1(f) of the DDA is hereby deleted in its entirety and replaced with the following:

“(f) The transfer of a limited partnership interest in the Redeveloper to the tax credit equity investor (the “**Tax Credit Investor**”), or to an affiliate of the Tax Credit

Investor and future transfers of such interest provided that: (i) the tax credit partnership agreement provides for capital contributions of the limited partners consistent with Financing Plan and is first approved by the Agency in its reasonable discretion; and (ii) the Tax Credit Investor (or an affiliate of the Tax Credit Investor reasonably acceptable to the Agency) remains liable for all unpaid capital contributions.”

7. Section 4.1. Section 4.1 of the DDA is hereby deleted in its entirety and replaced with the following:

“4.1 Project Budget and Financing Plan. Redeveloper has submitted to City the Financing Plan (Exhibit “I”) for construction of the Project in a total amount of approximately \$19,500,000, which is further described in the estimated Construction Costs and sources and uses of funds contained in the Project Budget (Exhibits “J-1” through “J-3”). The Project Budget and Financing Plan consist generally of the following:

4.1.1 Construction Loan in an amount of approximately \$9,400,000. The proceeds from the Construction Loan shall be used solely to pay Construction Costs. The Construction Loan will convert to a permanent loan and will be partially paid down from the proceeds of the Tax Credit Equity (as defined below).

4.1.2 “Tax Credit Equity” shall mean equity payments from the Tax Credit Investor in the amount of approximately \$ 8,321,684 to be disbursed as follows: (a) the Closing Tax Credit Installment in the amount of approximately \$ 1,248,253 to be paid to the Redeveloper on or before the Close of Escrow and used for financing the construction of the Project; and (b) the remaining balance of the Tax Credit Equity in an amount of approximately \$7,073,431 to be funded to the Redeveloper during the course of construction through the date one month from the receipt of the IRS Form 8609 by the Redeveloper.

4.1.3 Intentionally Deleted.

4.1.4 City Residual Receipts Loan in an amount not to exceed Four Million One Hundred Twenty-Five Thousand Dollars (\$4,125,000) to be disbursed as follows: (a) City to convey the Property to the Redeveloper at the Close of Escrow subject to the Deed of Trust securing the City Residual Receipts Loan; and (b) an amount not to exceed One Million One Hundred Twenty Five Thousand Dollars (\$1,125,000), being the remaining principal of the Residual Receipts Loan after deduction of the Purchase Price that will be deemed to have been disbursed at the Closing, to be disbursed from time to time to the Redeveloper pursuant to a schedule reasonably acceptable to the City, to reimburse the Redeveloper for a portion of the total Construction Costs. The City shall subordinate the lien of the Deed of Trust and Regulatory Agreement to the lien of the deed of trust securing the First Mortgage Financing pursuant to a commercially reasonable subordination agreement acceptable to the Executive Director.

8. Section 4.6.1.3. The following subparagraphs of Section 4.6.1.3 of the DDA are hereby deleted in their entirety and replaced with the following, respectively:

#7.

“4.6.1.3 Repayment of City Residual Receipts Loan. Redeveloper shall repay the City Residual Receipts Loan pursuant to the terms and conditions of the Residual Receipts Promissory Note attached to this Agreement as Exhibit “H”. As provided in the Promissory Note, the City Residual Receipts Loan shall be payable in full, including accrued interest, fifty five (55) year from the date on which the Certificate of Completion is issued.”

“4.6.1.3 Payment, Due Date. Annual or more frequent payments toward the principal and accrued interest shall not commence until the operation of the Project has generated Residual Receipts. Payment of 30.84% of the residual receipts produced from the Project, if any, for the immediately preceding year, shall be made by the Redeveloper to the Agency annually on July 15th of each year. Payment shall be applied first to accrued interest and thereafter to principal. Redeveloper shall annually provide Agency with an accounting acceptable to the Agency, documenting the calculation of Residual Receipts for the previous calendar year ending December 31. This accounting shall be made on or before July 15, together with the payment of Residual Receipts. “

“4.6.1.3.7 Payment from Net Refinancing Proceeds. Redeveloper shall provide payment to the City in an amount equal to the lesser of: (i) 30.84% of the net proceeds from each refinancing loan after the initial permanent financing loan, or (ii) the outstanding balance of the Residual Receipts Promissory Note.

“4.6.1.3.8 Intentionally Deleted.”

9. County Loan and AHP Loan. The City hereby acknowledges that the Redeveloper intends to obtain a construction and permanent loan to in the amount of \$2,562,250 being made to Redeveloper by the Housing Authority of the County of Los Angeles (the “County Loan”) and a loan of Affordable Housing Program funds from Citibank, N.A. or Banamex USA to Redeveloper in the amount of \$740,000 on the Closing Date (the “AHP Loan”). The documents securing the County Loan and the AHP Loan shall constitute Permitted Encumbrances for purposes of the DDA. The City shall subordinate the lien of its Deed of Trust and Regulatory Agreement to the lien of the encumbrances securing the County Loan pursuant to a commercially reasonable subordination agreement acceptable to the Executive Director.

10. Reserves. Notwithstanding anything to the contrary contained in the DDA, City hereby acknowledges and agrees that Redeveloper shall be obligated to initially fund the Capital Replacement Reserve Account in the amount of \$38,000 upon the funding the Tax Credit Investor’s Fourth Capital Contribution (as defined in the Redeveloper’s Amended and Restated Partnership Agreement) and such reserve shall be held by the First Mortgage Lender. To the extent any Lender or Tax Credit Investor requires any deposit, reserve, or escrow of any item for which the City requires reserves, sums held by such Lender or Tax Credit Investor for such purpose shall satisfy, dollar for dollar, the Redeveloper’s obligations to establish such deposit, reserve, or escrow as required by the DDA.

11. Section 42 Compliance. City acknowledges that the Redeveloper and the Project been allocated low-income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) (“Section 42”). Accordingly, to the extent of

any term of the DDA or any documents entered into in connection with the City Residual Receipt Loans conflicts with the requirements of Section 42, City acknowledges that the requirements of Section 42 shall control.

12. Schedule of Performance. City hereby acknowledges and agrees that the Schedule of Performance attached as Exhibit D to the DDA) attached hereto as Exhibit A is the true and correct Schedule of Performance and has been approved by City in accordance with the DDA.

13. Regulatory Agreement. The Regulatory Agreement attached as Exhibit G to the DDA is hereby deleted and replaced in its entirety with the Exhibit attached hereto as Exhibit "B."

14. Promissory Note and Deed of Trust. The Promissory Note and Deed of Trust attached as Exhibit H to the DDA are hereby deleted and replaced in its entirety with the Promissory Note and Deed of Trust attached hereto as Exhibit "C."

15. Exhibits J 1-3. City hereby acknowledges and agrees that Exhibits "J-1 through J-3" of DDA have been updated with the sources of funding attached hereto as Exhibit "D" (collectively, the "Updated Project Budget"), which have been approved by City in accordance with the DDA.

16. Exhibit I (Financing Plan). The Financing Plan attached to the DDA is hereby deleted and replaced in its entirety with the Financing Plan attached hereto as Exhibit "E" (the "Updated Financing Plan" and together with the Updated Project Budget, the "Updated Financial Information"), which has been approved by City in accordance with the DDA" The parties hereby agree that any references in the Original Agreement to specific loan amounts, tax credit equity amounts, deferred development fee amounts, and other financing terms shall be deemed to refer to the terms as shown in Updated Financial Information. To the extent any terms of the Original Agreement are inconsistent with the terms shown in the Updated Financial Information, the terms of the Updated Financial Information shall control.

17. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

18. Severability of Provisions. Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

19. Amendment Binding. This Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Except as amended hereby, the Original Agreement remains unchanged and in full force and effect and the parties hereto hereby ratify and reaffirm the terms of the Original Agreement as amended hereby.

[signatures follow on next page]

#7.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

REDEVELOPER:

COMPTON SENIOR APARTMENTS, L.P., a
California limited partnership

By: WCH Affordable II, LLC,
a California limited liability company
Its: General Partner

By: Western Community
Housing, Inc., a California
non-profit public benefit
corporation
Its: Sole Member and Manager

By: _____
Name: Graham
Espley-Jones
Its: President

By: Compton Senior Apartments, LLC,
a California limited liability company
Its: General Partner

By: _____
Name: John Huskey
Its: Sole Member

#7.



CITY:

CITY OF COMPTON,
a municipal corporation

Dated: _____

By: _____
Name:
Its:

ATTEST:

City Clerk

APPROVED AS TO LEGAL FORM:

City Attorney

#7.

EXHIBIT A

Schedule of Performance

[To be attached]

EXHIBIT B

Regulatory Agreement

[Behind this Page]

#7.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Compton
205 S. Willowbrook Avenue,
Compton, California 90220
Attention: ~~Redevelopment Director~~ City Manager

APN'S: 6166-010-901, 902, 903 and 904

(Space above for Recorder's Use)

Exempt From Recording Fee Per Government Code Section 27383

**COMPTON SENIOR APARTMENTS
REGULATORY AGREEMENT**

by and between

**~~THE REDEVELOPMENT AGENCY OF THE~~ CITY OF COMPTON,
a public body, corporate and politic**

and

**COMPTON SENIOR APARTMENTS, L.P.,
a California limited partnership**

~~Reference~~ dated as of November , ~~2009~~ 2013

This COMPTON SENIOR APARTMENTS REGULATORY AGREEMENT (“**Regulatory Agreement**”) is made and entered into as of November, 2013, by and between City of Compton (the “**City**”), as successor in interest to the housing assets and functions of the Community Redevelopment Agency of the City of Compton whose address is 205 S. Willowbrook Avenue, Compton, CA 90220 and **COMPTON SENIOR APARTMENTS, L.P.**, a California limited partnership (“**Redeveloper**”).

R E C I T A L S

A. City and Redeveloper have entered into that certain Disposition And Development Agreement, dated as of June 1, 2009, as amended (“**Agreement**”), which provides for, among other things, the conveyance of certain real property (“**Property**”) from City to Redeveloper and the development of an affordable housing project on the Property (“**Project**”), subject to certain conditions, including the terms and conditions of this Regulatory Agreement. The Property is legally described on the attached Attachment No. 1. The Project also includes all related landscaping, driveways, utilities, and any improvements which may be required by the City of Compton (“**City**”) on the Property. All initially capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such term by the Agreement.

B. The terms of the Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Property for a term of fifty-five (55) years following the recordation of a Certificate of Completion for the Project.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, REDEVELOPER AND AGENCY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. As used in this Regulatory Agreement, the following words and terms shall have the meaning as provided in the Recitals or in this Section 1, unless the specific context of usage of a particular word or term may otherwise require:

1.1 Affordable Rent. The term “**Affordable Rent**” shall have the same meaning as set forth in California Health and Safety Code Section 50053, as that Section may hereafter be amended from time-to-time, and shall provide a reasonable allowance for utilities. If the Project qualifies for federal tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, then the applicable federal affordable rent rates shall apply in lieu of the requirements of the preceding sentence, but only if the applicable federal affordable rent rates do not exceed those imposed by the requirements of the preceding sentence.

1.2 AMI. The term “**AMI**” shall mean the area median income for Los Angeles County, California, adjusted for family size, established by the State of California Department of Housing and Community Development pursuant to California Health and Safety Code Section 50093, as amended from time to time, in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

#7.

1.3 Certificate of Completion. The term “**Certificate of Completion**” shall mean the written certification of City that the Project is complete and in compliance with the terms and conditions of the Agreement, substantially in the form of Exhibit “F” attached to the Agreement.

1.4 Reserved.

1.5 Project. The term “**Project**” shall mean the design, development and operation of a project consisting of one (1) un-restricted residential unit for an on-site manager and seventy-four (74) senior affordable housing rental units and all related on- and off-site improvements, subject to the following restrictions:

1.5.1 At least fourteen (14) One Bedroom Restricted Units shall be occupied or available for occupancy by Senior 50% Households;

1.5.2 At least forty-six (46) One Bedroom Restricted Units shall be occupied or ~~a~~ available for occupancy by Senior 60% Households;

1.5.3 At least two (2) Two Bedroom Restricted Units shall be occupied or available for occupancy by Senior 50% Households;

1.5.4 At least twelve (12) Two Bedroom Restricted Units shall be occupied or available for occupancy by Senior 70% Households.

The Project shall also include all required or associated demolition, on-site and off-site improvements, hardscape improvements, parking areas and carports, and landscaping improvements to the Property, which are specifically described in the Scope of Development, and which shall be developed in accordance with plans and specifications approved by the City and any conditions imposed by the City in its consideration of Redeveloper’s development applications related to the Project.

1.6 Qualified Households. The term “Qualified Households” shall mean, as applicable, either a “Senior 50% Household”, a “Senior 60% Household” or a “Senior 70% Household,” as defined below:

1.6.1 “**Senior 50% Household**” means an individual 55 years of age or older, or a household which has at least one member who is 55 years of age or older, and at the commencement of the occupancy of a Unit, has an Adjusted Family Income equal to or less than fifty percent (50%) of the then-current AMI; and

1.6.2 “**Senior 60% Household**” an individual 55 years of age or older, or a household which has at least one member who is 55 years of age or older, and at the commencement of the occupancy of a Unit, has an Adjusted Family Income equal to or less than sixty percent (60%) of the then-current AMI.

1.6.3 “**Senior 70% Household**” an individual 55 years of age or older, or a household which has at least one member who is 55 years of age or older, and at the

commencement of the occupancy of a Unit, has an Adjusted Family Income equal to or less than seventy percent (70%) of the then-current AMI.

1.7 Term. The word “**Term**” shall mean the period of time following issuance of the Certificate of Completion and ending on the fifty-fifth (55th) anniversary thereafter.

1.8 Restricted Unit. The term “**Restricted Unit**” shall mean one (1) of the seventy-four (74) units within the Project which are burdened by this Regulatory Agreement and which may be leased to a Qualified Household at an Affordable Rent.

1.9 Restricted Units. The term “**Restricted Units**” shall mean the seventy-four (74) units restricted to Qualified Households pursuant to this Regulatory Agreement.

2. Acknowledgment of Redeveloper. Redeveloper hereby acknowledges that this Regulatory Agreement imposes certain restrictions on the use and occupancy of the Project and the Property during the Term of this Regulatory Agreement. Redeveloper acknowledges and understands that the restrictions shall be applicable to the Project and the Property for the Term hereof, commencing on the date of recordation of the Certificate of Completion for the Project.

Initials of Redeveloper

3. Covenants and Obligations of Redeveloper.

3.1 Development. Redeveloper hereby reaffirms its covenant and agreement, as set forth in the Agreement, to undertake, and thereafter, diligently complete the development of the Project on the Property in accordance with the Scope of Development attached as Exhibit “C” to the Agreement, within the period of time set forth under the Schedule of Performance attached as Exhibit “D” to the Agreement.

3.2 Redeveloper covenants that the Restricted Units shall at all times be occupied or held vacant and available for rental at an Affordable Rent for the Qualified Household income level designated by Section 1.1 to occupy such Restricted Unit.

3.3 Rent Covenant. Redeveloper covenants that no Qualified Household shall pay an amount in excess of Affordable Rent applicable to such Qualified Household. Redeveloper may increase rents based on changes in AMI only, as published by the California Department of Housing and Community Development, and no more than once in any twelve (12) month period. Under no circumstances shall Redeveloper increase rent more than five percent (5%) in any twelve (12) month period, provided, however, if an annual change in AMI would result in an increase of more than 5% in any year, Redeveloper shall be permitted to increase rent in any subsequent year up to 5% to address such AMI increase regardless if the AMI increase occurs in the year the rent increase takes effect.

3.4 Tenant Qualification.

#7.

3.4.1 Each of the sixty (60) one-bedroom Restricted Units shall be leased to a Qualified Household of one or two persons.

3.4.2 Each of the fifteen (15) two-bedroom Restricted Units shall be leased to a Qualified Household of not more than three persons.

3.5 Proof of Qualification. Certification of qualifying household income shall be made by Redeveloper at the time of initial occupancy of a Restricted Unit and upon each renewal of a Qualifying Household's lease. All such verification information described in this Section 3.5 shall only be obtained by Redeveloper after obtaining the Qualifying Household's written consent for the release of such information to Redeveloper. Redeveloper shall obtain, prior to initial occupancy and upon each lease renewal and, thereafter, maintain on file, income certifications from each Qualifying Household leasing any of the Restricted Units in the Project in the form attached as Attachment No. 2. Redeveloper shall make a good faith effort to verify that the income information provided by an applicant (or occupying Qualifying Household) in an income certification is accurate by taking one or more of the following steps as a part of the verification process:

3.5.1 Obtain an income tax return for the most recent tax year;

3.5.2 Conduct a credit reporting agency or similar search;

3.5.3 Obtain an income verification form from the applicant's current employer;

3.5.4 Obtain an income verification form from the United States Social Security Administration and/or the State of California Department of Social Services, if the applicant receives assistance from either of such agencies; or

3.5.5 if the applicant is unemployed and has no such tax return, obtain another form of independent verification.

3.6 Recertification of Income. To the extent required by TCAC, on the anniversary of the occupancy of each Restricted Unit, Redeveloper shall recertify the household income of the Qualifying Household occupying the Restricted Unit. Copies of tenant income certifications shall be available to City upon request. Redeveloper shall ensure appropriate language is included in the lease requiring tenant to provide income information annually and acknowledge that should its income increase the household will be subject to higher rent.

3.7 Inspection. Redeveloper and all Qualifying Households shall permit City to conduct inspections of the Property and the Project from time-to-time for purposes of verifying compliance with this Regulatory Agreement, upon ten (10) calendar days prior written notice to Redeveloper.

3.8 Records and Audits. Records shall be established and maintained by Redeveloper relating to the use and occupancy of the Property and the Project for affordable rental housing use purposes, as authorized herein. Redeveloper shall be responsible for establishing and maintaining

such records during the Term of this Regulatory Agreement, and Redeveloper shall provide City with copies of such records within thirty (30) calendar days of written request by City.

3.8.1 Commencing on the June 30 following the first (1st) anniversary of the date of recordation of this Regulatory Agreement, and on each June 30 thereafter during the Term, Redeveloper shall submit a report to City, in the form attached as Attachment No. 3 (“**Annual Report**”). The Annual Report shall include for each Restricted Unit in the Project, the rent, income and household size of the Qualifying Household occupying the Restricted Unit. The Annual Report shall also state the date the tenancy commenced for each Restricted Unit and such other information as City may be required by law to obtain. Redeveloper shall provide any additional information reasonably requested by City, including without limitation Project-related income and expense accounting information.

3.8.2 City shall have the right to examine and make copies of all books, records or other documents of Redeveloper which pertain to any Restricted Unit. Redeveloper shall maintain complete, accurate and current records pertaining to the Restricted Units, the Property and the Project, and shall permit any duly authorized representative of City (during business hours and upon not less than seventy-two (72) hours² notice) to inspect such records, including records pertaining to income and household size of Qualifying Households.

3.9 Covenant of Redeveloper With Respect to the lease of Restricted Units in the Project. Redeveloper for itself, its successors and assigns hereby covenants and agrees that, in connection with the lease of Restricted Units in the Project to Qualifying Households during the Term, it shall comply with the following requirements:

3.9.1 The lease between Redeveloper and the Qualifying Household shall be for not less than one (1) year, unless by mutual agreement between Redeveloper and the Qualifying Household, but in such a case for not less than six (6) months, as required by applicable provisions of the United States Internal Revenue Code.

3.9.2 The lease shall not contain any of the following provisions:

3.9.2.1 an agreement by the Qualifying Household to be sued, to admit guilt or to consent to entry of a judgment in favor of Redeveloper in a lawsuit brought in connection with the lease;

3.9.2.2 an agreement by the Qualifying Household that Redeveloper may take, hold or sell personal property of household members, without notice to the Qualifying Household and a court decision on the rights of the parties, other than an agreement by the tenant concerning disposition of personal property remaining in the Restricted Unit, after the Qualifying Household has moved out of the Restricted Unit;

3.9.2.3 an agreement by the Qualifying Household not to hold Redeveloper or its agents legally responsible for any action or failure to act, whether intentional or negligent;

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3.9.2.4 an agreement by the Qualifying Household that Redeveloper may institute a lawsuit without notice to the Qualifying Household;

3.9.2.5 an agreement by the Qualifying Household that Redeveloper may evict the Qualifying Household without instituting a civil court proceeding in which the Qualifying Household has the opportunity to present a defense, or before a court decision on the rights of the parties;

3.9.2.6 an agreement by the Qualifying Household to waive any right to a trial by jury;

3.9.2.7 an agreement by the Qualifying Household to waive the Qualifying Household's right to appeal, or to otherwise challenge a court decision in connection with the lease;

3.9.2.8 an agreement by the Qualifying Household to pay attorney's fees or other legal costs, even if the Qualifying Household wins in a court proceeding by Redeveloper against the Qualifying Household; provided, however, the Qualifying Household may be obligated to pay costs in the event it loses such a legal action.

3.10 Redeveloper shall not terminate the tenancy or refuse to renew the lease of a Qualifying Household, except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause. Redeveloper shall, in connection with a termination of a tenancy or a refusal to renew a lease, serve written notice upon the Qualifying Household specifying the grounds for the action, at least thirty (30) calendar days before the termination of the tenancy.

3.11 Redeveloper shall adopt written tenant selection policies and criteria that:

3.11.1 are consistent with the purpose of providing housing for households who have an income that is no more than the Qualifying Household Income;

3.11.2 are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

3.11.3 give reasonable consideration to the housing needs of individuals who occupy substandard housing (including individuals that are homeless or living in a shelter for homeless individuals); individuals that are paying more than fifty percent (50%) of their annual income for rent; or individuals that are involuntarily displaced;

3.11.4 provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

3.11.5 give prompt written notification to any rejected applicant of the grounds for rejection.

3.12 Except as may otherwise be required by the rental requirements of the financing approved pursuant to the Agreement, as applicable, all Restricted Units shall be available at an

Affordable Rent for occupancy on a continuous basis to the appropriate Qualifying Households with a Qualifying Household Income for the income category attributable to that Restricted Unit. Redeveloper shall not give preference to any particular class or group of persons in renting the Restricted Units. Redeveloper shall include a statement in all advertisements, notices and signs for the availability of Restricted Units for rent to the effect that Redeveloper is an Equal Housing Opportunity Provider.

3.13 Obligation to Refrain from Discrimination. Redeveloper covenants and agrees for shall refrain from restricting the rental, sale or lease of the Site or improvements thereon on 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. Notwithstanding the foregoing, notwithstanding subdivision (a), with respect to familial status, subdivision (a) 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 subdivision (a) 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 Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the California Government Code shall apply to subdivision (a).

All deeds, leases or contracts relating to the Site or the Project to contain and be subject to the following nondiscrimination or nonsegregation clauses:

In Deeds. In deeds: “The grantee herein covenants by and for and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group or 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 land herein conveyed, nor shall the grantee himself, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.

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.”

In Leases. In leases: “The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and that this lease is made and accepted upon and subject to the following conditions:

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That there shall be no discrimination against or segregation of, any person or group or 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 leasing, subleasing, transferring, use, or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein leased.

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.”

In Contracts. In contracts: “There shall be no discrimination against or segregation of, any person or group or 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 land, nor shall the transferee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land.

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.”

4. Development and Management of the Project.

4.1 Management of Project. Redeveloper shall be responsible for management of the Project, including, without limitation, the selection of Qualifying Households, certification and recertification of household size, and income and the age of the head of household of all Restricted Units, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by an experienced management agent (“**Management Agent**”) reasonably acceptable to City, with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing. For the purposes hereof, if

Redeveloper directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner in Redeveloper, such a Management Agent shall be deemed approved by City. If the Management Agent is an entity or person other than Redeveloper, its employees, a partner in Redeveloper or an entity owned or controlled by Redeveloper or which owns and/or controls Redeveloper, Redeveloper shall submit for City's approval the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by City. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, City shall approve the proposed Management Agent by notifying Redeveloper in writing within thirty (30) days following the written request of Redeveloper for such approval. Unless the proposed Management Agent is disapproved by City within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. Western Seniors Housing, Inc. is hereby approved by City as the initial Management Agent for the Project.

4.1.1 If Redeveloper directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner in Redeveloper and the City determines the Redeveloper has not met its management responsibilities, City shall have the right to enter the Project, to review relevant documentation to determine if Redeveloper is acting in a reasonable manner and to require Redeveloper to hire a third party management company acceptable to the City.

4.2 Insurance. Redeveloper shall cause to be in full force and effect during the Term hereof such insurance coverages as required by Section 5.2 of the Agreement and as otherwise required by the terms of any First Mortgage Financing Permanent Lender.

5. Maintenance of the Project. Redeveloper, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above, ("**Maintenance Deficiency**") then City shall notify Redeveloper and the Tax Credit Investor in writing of the Maintenance Deficiency and give Redeveloper thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. The words "Maintenance Deficiency" include without limitation the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the Restricted Units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

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5.1 In the event Redeveloper fails to cure or commence to cure the Maintenance Deficiency within the time allowed, City may thereafter conduct a public hearing following transmittal of written notice thereof to Redeveloper ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether Redeveloper has failed to comply with the provision of this Section 5.1. If, upon the conclusion of a public hearing, City makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, thereafter City shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity City may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by City for the abatement of a Maintenance Deficiency as authorized by this Section 5.1 shall become a lien on the Project. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by City to Redeveloper, City shall have the right to enforce the lien in the manner as provided in Section 5.3.

5.2 Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by Redeveloper from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application; then in such event and without notice to Redeveloper, City shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of Section 5.1 to the contrary, any sum expended by City for the removal of graffiti from the Project as authorized by this Section 5.2 shall become a lien on the Project and Redeveloper hereby grants the City a power of sale in connection therewith. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by City to Redeveloper, City shall have the right to enforce its lien in the manner as provided in Section 5.3.

5.3 Subject to the lien of any senior lender, the parties hereto further mutually understand and agree that the rights conferred upon City under this Section 5 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c in the amount as reasonably necessary to restore the Project to the maintenance standards required under Section 5.1 or Section 5.2, including attorneys' fees and costs of City associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of City in connection with such action. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 5 shall be a covenant running with the land for the Term and shall be enforceable by City in its discretion, cumulative with any other rights or powers granted by City under applicable law. Nothing in the foregoing provisions of this Section 5 shall be deemed to preclude Redeveloper from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the City and other applicable law.

5.4 Capital Replacement Reserve Account. Concurrently with the Closing Date (as defined in the DDA), Redeveloper shall establish an account for the payment of repair and replacement of capital items (“**Capital Replacement Reserve Account**”) in an initial amount equal to Thirty Eight Thousand Dollars (\$38,000). Each Fiscal Year thereafter, Redeveloper shall deposit into the Capital Reserve Replacement Account an additional amount of at least Two Hundred Fifty Dollars (\$250) per unit per year.

5.4.1 Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; pool plastering; replacement of outside furniture located at the pool area; common area; the Project rental office and any Project community meeting room; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers and garbage disposals; and repair and replacement of heating, ventilating and air conditioning systems, equipment and components. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting, repair or replacement of other interior appliances and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. Redeveloper shall withdraw from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses that have been approved by City as Redeveloper may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

5.4.2 Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government. Operation of the Capital Replacement Reserve Account shall be consistent with the requirements of any ancillary agreements concerning financing for the Project, including those dealing with yield restrictions and arbitrage monitoring, reporting and payments if any.

5.4.3 Documentation. Annually, or more frequently at City’s request, Redeveloper shall document the level of capital repairs and replacements for the preceding period. Redeveloper shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as City may reasonably request. If the cost of a capital repair or a replacement is anticipated to exceed Ten Thousand Dollars (\$10,000) per year, Redeveloper shall inform City and supply City with reasonable documentation concerning the need for and cost of the anticipated capital repair or replacement.

5.4.4 Withdrawals from Reserve Account. On an annual basis, Redeveloper shall notify City of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by City may be withdrawn by Redeveloper from the indicated Capital Replacement Reserve Account without further City approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures or for repairs required by Lender or the Tax Credit Investor may be withdrawn by Redeveloper without prior City approval, but Redeveloper shall notify City in writing within ten (10) calendar

days after withdrawal. All amounts so withdrawn by Redeveloper shall be expended on the Project and in accordance with this Agreement.

5.4.5 Interest Earned on Funds in the Capital Replacement Reserve Account.

Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

5.4.6 Capital Needs Assessment. Redeveloper shall deliver to City a capital needs assessment (“CNA”) every five (5) years after the 15th year following Completion of Construction for the City’s reasonable review and approval. The CNA shall include an analysis of Redeveloper’s actual expenditures for capital needs compared to the most recently approved CNA, Redeveloper’s original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified party in accordance with reasonable and customary standards for similar residential rental projects.

6. Covenants to Run With the Land. The Redeveloper and City hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction of City and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of Redeveloper in the Property for the Term. Redeveloper hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

7. Burden and Benefit. City and Redeveloper hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Redeveloper’s legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. City and Redeveloper hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of City and in order to make the Property available for acquisition by Redeveloper.

8. Term. The provisions of this Regulatory Agreement shall apply to the Property for a term of fifty-five (55) years following date of the Certificate of Completion for the Project.

9. Defaults.

9.1 Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Agreement and, if not corrected, cured or remedied in the time period set forth in Section 9.2, shall constitute an “**Event of Default**” hereunder:

9.1.1 failure of Redeveloper to comply in any material respect with or perform when due any term, obligation, covenant or condition contained in this Agreement;

9.1.2 any warranty, representation or statement made or furnished to City by Redeveloper under this Agreement is false or misleading in any material respect at the time made or furnished;

9.1.3 the dissolution or termination of the existence of Redeveloper as an ongoing business, insolvency, appoint of a receiver for any part of the property of Redeveloper, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Redeveloper.

9.2 Notice of Default. City shall give written notice of default to Redeveloper in accordance with Section 16, stating that such notice is a “**Notice of Default**”, specifying the default complained of by City and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, City may not institute legal proceedings against Redeveloper until thirty (30) calendar days after giving notice. Failure or delay in giving notice shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if Redeveloper initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then Redeveloper may have such additional time, if any, as the City may authorize in writing in the exercise of its sole and absolute discretion to complete the cure of the breach prior to exercise of any other remedy for the occurrence of an Event of Default. Redeveloper fails to take corrective action relating to a default within thirty (30) calendar days following the date of notice (or to complete the cure within the additional time, if any, as may be authorized by City in writing), an Event of Default shall be deemed to have occurred. Any cure of any default made or tendered by the Tax Credit Investor shall be deemed to be a cure by the Redeveloper and shall be accepted or rejected on the same basis as if made or tendered by the Redeveloper. Copies of all notices which are sent to the Redeveloper under the terms of this Regulatory Agreement shall also be sent to the Tax Credit Investor at the following address:

Red Stone Equity Manager, LLC
200 Public Square, Suite 1550
Cleveland, OH 44114

9.3 Inaction Not a Waiver of Default. Any failure or delays by City in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by City in asserting any of its rights and remedies shall not deprive City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

10. Remedies. Upon the occurrence of an Event of Default, City shall, in addition to the remedial provisions of Section 5 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require Redeveloper to

perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of City; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and agreements of Redeveloper to City.

10.1 Rights and Remedies are Cumulative. The rights and remedies of City as set forth in this Section 10 are cumulative and the exercise by City of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Redeveloper.

1.1 Enforcement by Third Parties. The covenants and restrictions contained in this Regulatory Agreement shall run with the Property and shall be enforceable against the Redeveloper and each successor in interest to the Property by any of the following:

- (a) the City.
- (b) the community, as defined in Section 33002 of the California Health and Safety Code.
- (c) a resident of a Restricted Unit.
- (d) a residents' association with members who reside in Restricted Units.
- (e) a former resident in a Restricted Unit who last resided in that Restricted Unit.
- (f) an applicant seeking to enforce the covenants or restrictions for a particular Restricted Unit, if the applicant conforms to all of the following:
 - (i) is of low or moderate income, as defined in Section 50093 of the California Health and Safety Code;
 - (ii) is able and willing to occupy that particular Restricted Unit; or
 - (iii) was denied occupancy of that particular Restricted Unit due to an alleged breach of a covenant or restriction contained in this Regulatory Agreement.
- (g) a person on an affordable housing waiting list who is of low or moderate income, as defined Section 50093 of the California Health and Safety Code, and who is able and willing to occupy a Restricted Unit.

11. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California, without regard to its conflicts of laws principles.

12. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by Redeveloper and by City.

13. Attorney's Fees. In the event that a party brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit. For the purposes of this Section 13, the words "reasonable attorneys' fees" in the case of City, include the salaries, costs and overhead of the lawyers employed as city attorneys of the City who provide legal counsel to City in such an action as well as any City attorney, as allocated on an hourly basis.

14. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

15. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

16. Notice. Any notice required to be given under this Regulatory Agreement shall be given by City or by Redeveloper, as applicable, by personal delivery or by First Class United States mail at the addresses specified below or at such other address as may be specified in writing by the parties hereto:

To Redeveloper:

Compton Senior Apartments, L.P.
1640 S. Sepulveda Blvd., Suite 425
Los Angeles, CA, 90025
Attn: Tim Soule
Facsimile: (310) 575-3563
E-mail: tsoule@metahousing.com

with copy to:

Bocarsly, Emden, Cowan, Esmail &
Arndt LLP
633 West Fifth Street, 70th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens, Esq.
Fax: 213-239-0410
E-mail:
ndeddens@BocarslyEmden.com

With copy to:

Red Stone Equity Manager, LLC
200 Public Square, Suite 1550
Cleveland, OH 44114

With copy to:

Western Community Housing, Inc.
151 Kalmus Drive, Suite J-5
Costa Mesa, California 92626
Attention: Graham Espley-Jones

Facsimile: (714) 549-4600

With a copy to:

Cox, Castle & Nicholson LLP
2049 Century Park East, 28th Floor
Los Angeles, California 90067
Attention: Ofer Elitzer, Esq.
Facsimile: (310) 284-2100
with copy to:

to City:

The Redevelopment City of the City
of Compton
205 S. Willowbrook Avenue
Compton California 90220
Attn: Redevelopment Director
Facsimile: (310) 605-5511

Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attention: Jim G. Grayson
Fax: (213) 626-0078
E-mail: jgrayson@rwglaw.com

Notice shall be deemed given five (5) calendar days after the date of mailing to the party, or, if personally delivered, when received by the Executive Director of City or Redeveloper, as applicable.

17. Subordination. ~~Provided the City has made the findings required by California Health & Safety Code Section 3334.14(a)(4) and the lender provides the written commitments to City described therein, then the Executive Director~~ The City Manager of the City shall reasonably subordinate this Regulatory Agreement to any deed of trust securing the applicable construction or permanent financing for the Project.

18. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the Official Records of the County of Los Angeles.

19. No Third Party Beneficiary. Except as otherwise provided herein, no claim as a third-party beneficiary under this Agreement by any person, corporation or any other entity, shall be made or be valid against the City or Redeveloper.

20. Prohibition Against Transfer.

20.1 Except as expressly provided in this Section 20.1 or in the Agreement, Redeveloper shall not, without prior written approval of City, which may not be unreasonably withheld, delayed or conditioned, or except as permitted by this Agreement, (i) assign or attempt to assign this Agreement or any right herein or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or Lien.

20.2 In the absence of specific written agreement or approval by City, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve Redeveloper or any other party from any obligations under this Agreement.

IN WITNESS WHEREOF, Redeveloper and City have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

#7.

~~SIGNATURE PAGE
TO
REGULATORY AGREEMENT~~

SIGNATURE PAGE
TO
REGULATORY AGREEMENT

CITY:

CITY OF COMPTON,
a municipal corporation

Dated: _____

By: _____

[Print](#) Name: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO LEGAL FORM:

City Attorney

#7.

~~SIGNATURE PAGE
TO
REGULATORY AGREEMENT~~

SIGNATURE PAGE
TO
REGULATORY AGREEMENT

REDEVELOPER:

COMPTON SENIOR APARTMENTS, L.P.,
a California limited partnership

By: WCH Affordable II, LLC,
a California limited liability company~~Its:~~
General Partner

By: Western Community Housing, Inc.,
a California non-profit public benefit
corporation~~Its:~~ Sole Member and
Manager

By:

~~Name:~~
Graham Espley-Jones~~Its:~~
President

By: Compton Senior Apartments, LLC,
a California limited liability company~~Its:~~
General Partner

By: _____~~Name:~~

John Huskey~~Its:~~
Sole Member

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT

Legal Description of the Property

PARCEL 1:

LOTS 7 AND 8 IN BLOCK 7 OF WRIGHTS ADDITION TO COMPTON, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGE 55, MISCELLANEOUS RECORDS OF SAID COUNTY.

TOGETHER WITH THE SOUTHERLY 25 FEET OF ARBUTUS STREET, VACATED, ADJOINING SAID LAND ON THE NORTH AND BOUNDED ON THE EAST BY THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 8.

EXCEPTING ALL OIL HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER AS RESERVED IN THE DEED RECORDED ON APRIL 29, 1988 AS INSTRUMENT NO. 88-591501 OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 2:

LOTS 1 THROUGH 6 INCLUSIVE, IN BLOCK "L" OF TRACT 3765, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 41 PAGES 88 AND 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER.

PARCEL 3:

LOTS 7 THROUGH 13 INCLUSIVE, IN BLOCK "L" OF TRACT 3765, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 41 PAGES 88 AND 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER.

ATTACHMENT NO. 2
TO
COMPTON SENIOR APARTMENTS
REGULATORY AGREEMENT

Certification of Tenant Eligibility

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the United States Department of Housing and Urban Development (“HUD”) Regulations (24 CFR 813). You should make certain that this form is at all times up-to-date with the HUD Regulations.

Re: **302 North Tamarind Avenue, Compton, CA 90220**

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the Restricted Unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the Restricted Unit:

1.	2.	3.	4.	5.
Names of Members of Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Income Computation

6. The total anticipated income, calculated in accordance with the provisions of this Section 6, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a Restricted Unit is \$ _____.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;

(g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

(a) casual, sporadic or irregular gifts;

(b) amounts which are specifically for or in reimbursement of medical expenses;

(c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

#7.

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(k) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(l) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(m) payments received from the Job Training Partnership Act;

(n) income derived from the disposition of funds of the Grant River Band of Ottawa Indians; and

(o) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

7. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? ___ Yes ___ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the Restricted Unit that you propose to rent: \$_____; and

(ii) the amount of such income, if any, that was included in item 6 above: \$_____

8. (a) Are all of the individuals who propose to reside in the Restricted Unit full-time students*? ___ Yes ___ No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the Restricted Unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or

farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the Restricted Unit a husband and wife entitled to file a joint federal income tax return? ____ Yes
____ No

9. Neither myself nor any other occupant of the Restricted Unit I/we propose to rent is the owner of the rental housing project in which the Restricted Unit is located (hereinafter the “Owner”), has any family relationship to the Owner or owns, directly or indirectly, any interest in the ownership. For purposes of this section, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the Restricted Unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the Restricted Units and will entitle the Owner to prevent or terminate my/our occupancy of the Restricted Unit by institution of an action for eviction or other appropriate proceedings.

13. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____
African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

#7.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____ in the County of Los Angeles, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY APARTMENT OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$_____;

(c) TOTAL ELIGIBLE INCOME
(Line 1(a) plus line 1(b)(3): \$_____

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a [insert income category 50%, 60% and 70% Qualified Household.]

_____ Does not qualify the applicant(s) as Qualified Household.

3. Number of apartment Restricted Unit assigned:

Bedroom Size: _____ Rent: \$_____

[4. This apartment Restricted Unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment Restricted Unit, qualified them as Lower-Income Tenants.]

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

#7.

The undersigned employee has applied for a rental Restricted Unit located in a project financed in part by The Redevelopment Agency of the City of Compton for persons of very low and low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____
Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature _____ Date _____ Title _____

I hereby grant you permission to disclose my income to _____
_____ in order that they may determine my income
eligibility for rental of an apartment at [_____].

Signature _____ Date _____

Please send to: _____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature _____ Date _____

ATTACHMENT NO. 3
TO
COMPTON SENIOR APARTMENTS
REGULATORY AGREEMENT

Certificate of Continuing Program Compliance
For Annual Reporting Period Ending

The undersigned, _____, as the authorized representative of _____ (“**Redeveloper**”), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Redevelopment Agency of the City of Compton (“**Agency**”), as established in numerous documents including the Regulatory Agreement, dated as of _____ between the Redeveloper and the Agency.

As of the date of this Certificate, the following percentage of completed residential Restricted Units in the project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such Restricted Unit, as indicated:

Number of Restricted Units occupied by Senior 50% Households: _____

Number of Restricted Units occupied by Senior 60% Households: _____

Number of Restricted Units occupied by Senior 70% Households: _____

Number of Vacant Restricted Units: _____

Number of Qualified Households who commenced occupancy during the preceding reporting period: _____

Attached is a separate sheet (“**Occupancy Summary**”) listing, among other items, the appropriate information for each apartment Restricted Unit in the Project; the number of apartment Restricted Units, the occupants of each Restricted Unit and the rent paid for each Restricted Unit. The information contained thereon is true and accurate and reasonable and is based on information submitted to the owner and is certified under penalty of perjury by each tenant.

#7.

The undersigned hereby certifies that (1) a review of the activities of the Redeveloper during such reporting period and of the Redeveloper's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Redeveloper is not in default under any of the terms and provisions of the above documents.

Dated: _____

Redeveloper

Name: _____

Its: _____

OCCUPANCY SUMMARY

Total Number of Restricted Units in the Project: 74

Total Restricted Units occupied by Qualified Households: _____

Total Restricted Units available for rent to Qualified Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

- A. Resident and rental information on each occupied apartment in the complex.
- B. Certification of Tenant Eligibility for all new Qualified Households who have moved into [_____] since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated: _____

Redeveloper

#7.

EXHIBIT C

Promissory Note and Deed of Trust

[Behind this Page]

RESIDUAL RECEIPTS PROMISSORY NOTE

\$4,125,000

November 19, 2013

1. Principal and Interest. FOR VALUE RECEIVED, the undersigned, **COMPTON SENIOR APARTMENTS, L.P.**, a California Limited partnership (“**Maker**”), with its principal place of business located at 1640 S. Sepulveda Blvd., Suite 425, Los Angeles, CA, 90025, promises to pay to the City of Compton, as successor in interest to the housing assets and functions of the Community Redevelopment Agency of the City of Compton (the “**City**” or “**Holder**”) at such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of Four Million One Hundred Twenty-Five Thousand Dollars (\$4,125,000), together with the accrued interest from the date of disbursement of funds paid hereunder at the simple interest rate of 3% per annum. This Residual Receipts Promissory Note (the “**Residual Receipts Promissory Note**”) is made and given pursuant to that certain Disposition and Development Agreement between the City of Compton and the Maker dated June 1, 2009, as amended (the “**DDA**”). The DDA is incorporated by reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the DDA.

2. Disbursements. This Residual Receipts Promissory Note is made to evidence the City Loan of One Million Six-Hundred Twenty-Five Thousand Dollars (\$1,125,000) to be disbursed for predevelopment and construction costs as described in the DDA and the obligation to pay an City purchase money loan equal to the Purchase Price of Three Million Dollars (\$3,000,000) for the Property under the DDA, plus at the simple interest rate of 3% per annum.

3. Term of Loan, Due Date and Right of Prepayment.

a. Maturity Date. Unless due at an earlier time by virtue of the acceleration of the balance hereof in accordance with Section 6 hereof, all accrued and unpaid interest and principal then due shall be due and payable in full without any further demand or notice fifty-five (55) years from the date on which the Certificate of Completion is issued.

b. Payment, Due Date. Annual or more frequent payments toward the principal and accrued interest shall not commence until the operation of the Project (as defined in the DDA) (the “**Project**”) has generated Residual Receipts. “**Residual Receipts**” shall mean all money and income from the Project remaining annually after the payment of all normal and necessary expenses of operation of the Project, including but not limited to the following: (i) the normally amortized principal and interest payments due on the First Mortgage Financing, (ii) utility fees and costs not paid by tenants, (iii) insurance on the Project, (iv) ad valorem taxes and assessment payments, (v) expenses and costs actually expended for the Project, including without limitation, painting, cleaning, repairs, landscaping, utilities, refuse removal, janitorial services, cleaning and building supplies and fees and expenses of an onsite property manager as well as the cost of social programs at the Project (approved by the City) and compliance monitoring/reporting (the “**Management Fee**”), which Management Fee shall be adjusted annually by a percentage equal to the annual increase in rents permitted by U.S. Department of Housing and Urban Development (“**HUD**”), (vi) reserves for repair and replacement of the Improvements in the Project, in an annual amount of \$250 per Restricted Unit per year, (vii) a \$5,000 per year partnership accounting fee to be paid to the Maker, (viii) asset management fee and tax credit shortfall or equity adjuster payments payable to the Tax Credit Investor; (ix) managing general

#7.

partner fee (to non-profit partner); (x) activity/social services fee; and (xi) Deferred Redeveloper Fee, and (xii) all other fees and expenses which may be permitted by the annual budget approved by the City. Operating expenses will be considered “normal and necessary” if incurred generally for similarly structured, financed and restricted rental properties operated by similar entities. All expenses and reserve payments listed above, except for principal and interest payments to senior mortgage holders under subparagraph (i) and except for the annual partnership Management Fee to the Maker under subparagraph (vii), shall not exceed actual expenses per year without the express written consent of the City. The limitation on expenses and reserves per year shall be subject to an annual increase equal to the percentage increase permitted by the HUD in the permitted affordable rents authorized for Los Angeles County so that the amount of increase in the expense and reserve limitation per year shall be equivalent to the same percentage increase of rent which may be charged to residents occupying the Project. At such time, payment of 30.84% of the Residual Receipts produced from the Project shall be made by the Maker to the City annually on July 15th of each year. Payment shall be applied first to accrued interest and thereafter to principal. Maker shall annually provide the City with an accounting acceptable to the City, documenting the calculation of Residual Receipts for the previous calendar year ending December 31. This accounting shall be made on or before July 15, together with the payment of Residual Receipts. A portion of the Residual Receipts from the Project shall be paid to the City annually, to be applied toward payment of this Residual Receipts Promissory Note. Additionally, Maker shall provide payment to the City in an amount equal to the lesser of: (i) 30.84% of the net proceeds from each refinancing loan after the initial permanent financing loan, or (ii) the outstanding balance of the Residual Receipts Promissory Note.

c. Cost Reductions or Increases. The Parties acknowledge and agree that the City Residual Receipts Loan is intended to partially finance the financing “gap” of the Project (the amount needed to pay the excess of the Total Project Costs over the financing and other funding sources available to the Maker for acquisition or Construction of the Project), but in no event to provide funding (when combined with all other sources of financing and other funding sources available to the maker for acquisition or Construction of the Project) in excess of the Total Project Costs. If the Actual Project Costs are less than the Total Project Costs (the difference between the Actual Project Costs and the Total Project Costs being a “**Cost Reduction**”), then the Cost Reduction shall first be applied to reduce the Deferred Redeveloper Fee, then to reduce the principal amount of the City Residual Receipts Loan. If the Actual Project Costs exceed the sum of all financing and other funding sources available to the Maker for acquisition or Construction of the Project (the difference being a “**Project Deficit**”), the Maker shall be solely responsible for causing payment (through third party financing or Redeveloper funds) the Project Deficit. If the Actual Project Costs are less than the sum of the financing and other funding sources available to Maker for acquisition or Construction of the Project (the difference being a “**Project Surplus**”), then the Project Surplus shall first be applied to pay the Deferred Redeveloper Fee, then to reduce or repay the principal amount of the City Loan.

d. Prepayment. This Residual Receipts Promissory Note may be prepaid in whole or part at any time and from time to time without penalty or premium.

4. Security for Note. This Residual Receipts Promissory Note is secured by a Deed of Trust executed by Maker which creates a lien on certain real property as described therein and in the DDA.

5. Interest Calculation. Principal and interest shall be payable in lawful money of the United States of America. Interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

6. Acceleration Upon Certain Events or Upon Default. Upon an Event of Default under the DDA or Regulatory Agreement (or other default not cured after any applicable notice has been given and any applicable cure period has expired) or the deed of trust which is the security for this instrument, or under any senior loans, notes or deeds of trust, at the option of the holder of this Residual Receipts Promissory Note, all principal and interest due under this Residual Receipts Promissory Note shall immediately become due and payable. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the deed of trust securing this Residual Receipts Promissory Note or any part thereof or interest therein, without first obtaining the prior written consent of the Holder hereof (except for a Permitted Transfer, as defined in the DDA), then, at the option of the holder, all principal due hereunder shall immediately become due and payable. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the DDA and the withdrawal, removal and/or replacement of a general partner of the any Tax Credit Limited partnerships, shall not constitute a default hereunder or under the DDA, and any such action shall not accelerate the maturity of this Residual Receipts Promissory Note, provided that any transferee is either a permitted pursuant to the DDA or that any required substitute general partner is reasonably acceptable to the City and is selected with reasonable promptness, and that any substitute general partner agrees to be bound by any and all instruments in favor of the City.

If this Residual Receipts Promissory Note becomes due and payable pursuant to this Section 6, any amounts which become due to Holder pursuant to this Section 6 shall not be limited to payment from Residual Receipts, but rather from all of Maker's legally available funds and assets.

Holder's remedies upon acceleration of this Residual Receipts Promissory Note pursuant to this Section 6 shall be to exercise the power of sale in the deed of trust and exercise whatever other remedies are available to it under the DDA and the other agreements attached thereto.

7. Costs Paid by Maker. Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the Holder of this Residual Receipts Promissory Note, or as adjudged by a court of competent jurisdiction: (a) costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection or enforcement of this Residual Receipts Promissory Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys' fees in any action to enforce payment of this instrument.

8. Waiver. Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any

way affecting the liability of Maker hereunder, the Holder hereof may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Residual Receipts Promissory Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Residual Receipts Promissory Note.

9. Non-Recourse to Maker. This Residual Receipts Promissory Note shall become a non-recourse obligation of the Maker. No deficiency judgment may be obtained against the Maker or any partners of Maker except for actual or constructive fraud, material misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Consequently, no deficiency amount may be recovered from Maker under the provisions hereof, except as may be provided herein. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold the City Parties harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorney's fees and expenses incurred by the holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the DDA or Related Agreements; (ii) intentional bad faith waste of the real property encumbered by the deed of trust which secures this Residual Receipts Promissory Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Residual Receipts Promissory Note. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorney's fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such breach.

10. Severability. If any provision of this Residual Receipts Promissory Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

11. Non-Waiver. No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the holder hereof of its right to subsequently demand such performance or to exercise any remedies for any default hereunder. Further, in order to be effective, any waiver of any of the holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the holder hereof. Further, waiver by the holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of default hereunder.

MAKER:

COMPTON SENIOR APARTMENTS, L.P.,
a California limited partnership

By: WCH Affordable II, LLC,
a California limited liability company~~Its:~~
General Partner

By: Western Community Housing, Inc.,
a California non-profit public benefit
corporation~~Its:~~, Sole Member and
Manager

By: _____
~~Name:-~~ _____
Graham Espley-Jones~~Its:~~
President

By: Compton Senior Apartments, LLC,
a California limited liability company~~Its:~~
General Partner

By: _____~~Name:-~~ _____

John Huskey~~Its:~~
Sole Member

#7.

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:

City of Compton

205 S. Willowbrook Avenue

Compton, CA 90220

Attn: ~~Executive Director~~ [City Manager](#)

APN'S: [6166-010-901](#), [6166-010-902](#), [616-010-903](#), [6166-010-904](#)

(Space above for Recorder's Use)
Exempt From Recording Fee Per
Government Code Section 27383

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE
FILING (WITH ASSIGNMENT OF RENTS)
SECURING A RESIDUAL RECEIPTS PROMISSORY NOTE
AND OTHER OBLIGATIONS**

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)

This Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) is dated as of November 19, 2013, by COMPTON SENIOR APARTMENTS, L.P., a California Limited partnership, with its principal place of business located at 1640 S. Sepulveda Blvd., Suite 425, Los Angeles, CA, 90025 (“**Trustor**”), to Fidelity National Title Company (“**Trustee**”), for the benefit of City of Compton (the “**City**”), as successor in interest to the housing assets and functions of the Community Redevelopment Agency of the City of Compton whose address is 205 S. Willowbrook Avenue, Compton, CA 90220 (“**Beneficiary**”), and is executed to secure that certain Residual Receipts Promissory Note of even date herewith, in the principal amount of Four Million One Hundred Twenty-Five Thousand Dollars (\$4,125,000), executed by Trustor in favor of Beneficiary (such Residual Receipts Promissory Note, as it may from time to time be supplemented, amended extended, renewed or otherwise modified), the provisions of which are incorporated in the Trust Deed by this reference.

This Trust Deed is made with respect that certain Disposition and Development Agreement dated June 1, 2009, as amended (“**DDA**”), for reference purposes only, between the Trustor and the Beneficiary.

Trustor hereby IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, the following property (“**Trust Estate**”):

- (a) All of that certain real property in the City of Compton, County of Los Angeles, State of California, more particularly described in Exhibit “A” attached hereto and by this reference made a part hereof (“**Subject Property**”);
- (b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (“**Improvements**”);
- (c) All tenements, hereditament, appurtenances, privileges, franchises and other rights and interests now or in the future benefitting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (“**Appurtenances**”). (Appurtenances, together with the Subject Property and the Improvements, are hereafter collectively referred to as the “**Real Property**”;
- (d) Subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management operation, leasing or occupancy of the Trust Estate, including those past due and unpaid (“**Rents**”);
- (e) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (“**UCC**”)), whether existing now or in the future) located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real

Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property (“**Goods**,” and together with the Real Property, collectively the “**Property**”); and

(f) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (collectively, “**Intangibles**”).

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the “**Personal Property**”). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a “secured party” under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following (collectively, the “**Secured Obligations**”): (a) payment of that certain Residual Receipts Promissory Note dated in November, 2009 2013 in the original principal amount of (\$4,125,000) (the “**City Note**”) and (b) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein, the Regulatory Agreement, dated in November, 2013 (the

“**Regulatory Agreement**”) , between Trustor and Beneficiary, and in the Disposition and Development Agreement between Trustor and Beneficiary dated June 1, 2009, as amended (the “**DDA**”), and (c) any and all extensions, amendments, modifications or renewals thereof, however evidenced.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall perform the obligations of the Owner as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. This Deed of Trust shall cover, and the property subject hereto shall include, all property now or hereafter affixed or attached to or incorporated upon the Subject Property in, to or under which Trustor now has or hereafter acquires any right, title or interest, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Subject Property. To the extent any of the property subject to this Deed of Trust consists of rights in action or personal property covered by the Uniform Commercial Code, this Deed of Trust shall also constitute a security agreement, and Trustor hereby grants to Beneficiary, as secured party, a security interest in such property, including all proceeds thereof, for the purpose of securing the Secured Obligations. In addition, for the purpose of securing the Secured Obligations, Trustor hereby grants to Beneficiary, as secured party, a security interest in all of the property described herein in, to, or under which Trustor now has or hereafter acquires any right, title or interest, whether present, future or contingent, including, but not limited to, all equipment, inventory, accounts, general intangibles, instruments, documents and chattel paper, as those terms are defined in the Uniform Commercial Code, and all other personal property of any kind (including, without limitation, money and rights to the payment of money), whether now existing or hereafter created, that are now or at any time hereafter (i) in the possession or control of Beneficiary in any capacity; (ii) erected upon, attached to or appurtenant to the Subject Property; (iii) located or used on the Subject Property or identified for use on the Subject Property (whether stored on the Subject Property or elsewhere); or (iv) used in connection with, arising from, related to, or associated with the Subject Property or any of the personal property described herein, the construction of any improvements on the Subject Property, the ownership, development, maintenance, management or operation of the Subject Property, the use or enjoyment of the Subject Property or the operation of any business conducted thereon, including, without limitation, all such property described as the Trust Estate hereinabove. The security interests granted in this paragraph 3 are hereinafter severally and collectively called the “**Security Interest**”. The Security Interest shall be self-operative with respect to the real property described herein but Trustor shall execute and deliver on demand such additional security agreements, financing statements and other instruments as may be requested in order to impose the Security Interest more specifically upon the real and personal property encumbered hereby. The Security Interest, at all times, shall be prior to any other interest in the personal property encumbered hereby. Trustor shall act and

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perform as necessary and shall execute and file all security agreements, financing statements, continuation statements and other documents requested by Beneficiary to establish, maintain and continue the perfected Security Interest. Trustor, on demand, shall promptly pay all costs and expenses of filing and recordation, to ensure the continued priority of the Security Interest. Trustor shall not sell, transfer, assign or otherwise dispose of any personal property encumbered hereby without obtaining the prior written consent of Beneficiary, except that the Trustor may, in the ordinary course of business, replace personal property or dispose of personal property that will not be replaced because of its obsolescence. Unless Beneficiary then agrees otherwise in writing, all proceeds from any permitted sale or disposition in excess of that required for full replacement shall be paid to Beneficiary to be applied on the Note. Although proceeds of personal property are covered hereby, this shall not be construed to mean that Beneficiary consents to any sale of such personal property. Upon its recordation in the real property records of Los Angeles County, this Deed of Trust shall be effective as a financing statement filed as a fixture filing. In that regard, the following information is provided:

Name of Debtor:	Compton Senior Apartments, L.P.
Address of Debtor:	See the initial paragraph of this Deed of Trust
Name of Secured Party:	City of Compton
Address of Secured Party:	See the initial paragraph of this Deed of Trust

In addition, a carbon, photostatic or other reproduced copy of this Deed of Trust and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement;

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations;

5. That upon an Event of Default by Trustor under the DDA, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements now existing or hereafter erected on the property insured against loss by fire and such other hazards, casualties, and contingencies as may be required by applicable provisions of the Secured Obligations, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies, if requested, shall be deposited with the Beneficiary;

7. To pay before delinquency any taxes and assessments affecting said Property; to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment charge or levy so long as Trustor is

contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7;

8. As it is provided more specifically in the Secured Obligations, to keep said property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law and/or covenants, conditions and/or restrictions affecting said property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon said property without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the sums secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure, at the highest rate of interest permitted by law;

13. That the funds to be advanced hereunder are to be used in accordance with applicable provisions of the DDA and the Secured Obligations; upon the failure of Trustor to do so, after the giving of notice and the expiration of any applicable cure period, Trustor shall be in default hereunder.

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as authorized by

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Beneficiary and/or as provided in the Secured Obligations and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in the amount required by law to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by this Deed of Trust and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

16. Trustor confirms that if Trustor should sell, enter into a contract of sale, convey, or in any way transfer all or any interest of Trustor in the Real Property encumbered by this Deed of Trust or suffer Trustor's title or any interest therein to be divested, whether voluntarily or involuntarily, unless the same is permitted by the DDA, without the prior written consent of the Beneficiary being first obtained, then Beneficiary shall have the right, at Beneficiary's sole option, to declare all sums payable under the City Note secured hereby immediately due and payable in full, irrespective of the maturity date otherwise specified in said City Note. No waiver of this right shall be effective unless in writing and signed by the Beneficiary. Consent by the Beneficiary to any one such transaction shall not be deemed a waiver of the right to require such consent to future or successive transactions. Further, upon default under one of the Secured Obligations, and after the giving of notice and the expiration of any applicable cure period provided therein, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be immediately due and payable in full, irrespective of the maturity date otherwise specified in said City Note.

17. As provided more specifically in the Secured Obligations, should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary;

18. Upon an Event of Default by Trustor under the DDA, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby;

19. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate allowed by law; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

20. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

21. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

22. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

23. The trust created hereby is irrevocable by Trustor;

24. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term “**Beneficiary**” shall include not only the original Beneficiary hereunder but also any future successor in interest to Beneficiary. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

25. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee;

26. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it and its Tax Credit Investor at the addresses set forth in the Deed of Trust.

27. Trustor agrees at any time and from time to time, upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

28. Trustor agrees that the obligations secured by this Deed of Trust are made expressly for the purpose of financing the acquisition of the Property, and the rehabilitation and operation of the improvements on the Property, including the 74 dwelling units, which will be maintained as affordable housing for persons and families of very low income and low income, as is more specifically provided in the Secured Obligations.

29. As is provided more specifically in the City Note, the obligations of Trustor thereunder shall be non-recourse obligations of the Trustor and neither Trustor nor any of its principals, nor any other party, shall have any personal liability for payment of obligations arising from the Secured Obligations, except as specifically provided therein, and the sole recourse of Beneficiary shall be the exercise of its rights against the Property except as otherwise provided in the Secured Obligations and any related security.

30. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the City, or any other public or governmental agency or entity (except that any

act or failure to act of Beneficiary shall not excuse performance by Beneficiary unless such act or failure to act is allowed or required by law); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Deed of Trust may also be extended in writing by the Beneficiary and Trustor.

31. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

32. (a) Subject to the extensions of time set forth in Section 31, and subject to the further provisions of this Section 32, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust within any applicable cure periods provided in the DDA, the City Note, and/or the Regulatory Agreement, constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

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

(d) If an event of default occurs under the terms of this Deed of Trust, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor and Trustor's Tax Credit Investor written notice of such default. Trustor shall have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under this Deed of Trust. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within thirty (30) days after the notice of default is first given. Any cure of any default made or tendered by the Tax Credit Investor shall be deemed to be a cure by the Redeveloper and shall be accepted or rejected on the same basis as if made or tendered by the Redeveloper. Copies of all notices which are sent to the Redeveloper under the terms of this Deed of Trust shall also be sent to the following parties at the addresses set forth below:

#7.

Red Stone Equity Manager, LLC
200 Public Square, Suite 1550
Cleveland, OH 44114

Western Community Housing, Inc.
151 Kalmus Drive, Suite J-5
Costa Mesa, California 92626
Attention: Graham Espley-Jones
Facsimile: (714) 549-4600

With a copy to:

Cox, Castle & Nicholson LLP
2049 Century Park East, 28th Floor
Los Angeles, California 90067
Attention: Ofer Elitzer, Esq.
Facsimile: (310) 284-2100

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

TRUSTOR:

COMPTON SENIOR APARTMENTS, L.P.,
a California limited partnership

By: WCH Affordable II, LLC,
a California limited liability company~~Its:~~
General Partner

By: Western Community Housing, Inc.,
a California non-profit public benefit
corporation~~Its:~~, Sole Member and
Manager

By: _____~~Name:~~

Graham Espley-Jones~~Its:~~
President

By: Compton Senior Apartments, LLC,
a California limited liability company~~Its:~~
General Partner

By: _____~~Name:~~

John Huskey~~Its:~~
Sole Member

#7.

[illegible]

On _____, before me, _____, a
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.

Notary Public

SEAL:

[illegible]

On _____, before me, _____, a 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.

Notary Public

SEAL:

EXHIBIT A TO
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)

Legal Description of Subject Property

PARCEL 1:

LOTS 7 AND 8 IN BLOCK 7 OF WRIGHTS ADDITION TO COMPTON, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGE 55, MISCELLANEOUS RECORDS OF SAID COUNTY.

TOGETHER WITH THE SOUTHERLY 25 FEET OF ARBUTUS STREET, VACATED, ADJOINING SAID LAND ON THE NORTH AND BOUNDED ON THE EAST BY THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 8.

EXCEPTING ALL OIL HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER AS RESERVED IN THE DEED RECORDED ON APRIL 29, 1988 AS INSTRUMENT NO. 88-591501 OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 2:

LOTS 1 THROUGH 6 INCLUSIVE, IN BLOCK "L" OF TRACT 3765, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 41 PAGES 88 AND 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER.

PARCEL 3:

LOTS 7 THROUGH 13 INCLUSIVE, IN BLOCK "L" OF TRACT 3765, IN THE CITY OF COMPTON, AS PER MAP RECORDED IN BOOK 41 PAGES 88 AND 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN 500 FEET BELOW THE SURFACE OF SAID LAND, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH, AND TO USE AND OCCUPY ALL PARTS OF SAID LAND LYING MORE THAN 500 FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID LANDS BUT WITHOUT, HOWEVER, THE RIGHT TO USE EITHER THE SURFACE OF SAID LAND OR ANY PORTION OF SAID LAND WITHIN 500 FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER.

#7.

EXHIBIT D
Project Budget
[To Be Attached]

EXHIBIT E
Financing Plan
FINANCING PLAN

1. SUMMARY OF PROJECT FUNDING SOURCES AND DEFINITIONS

1.1 In General. The acquisition of the Property and construction of the Project are intended to be financed as provided in this Financing Plan and Article 4 of the Agreement. (The acquisition of the Property and the construction of the Project are collectively referred to in this Exhibit “I” as the “**Project**.”)

1.2 Definitions. References to “**Exhibits**” mean the Exhibits to the Agreement, unless otherwise specified. All defined terms indicated by initial capitalization in this Financing Plan and not expressly defined in this Financing Plan shall have the meanings ascribed to the same terms in the Agreement and the Exhibits.

1.2.1 **Actual Project Costs**. The actual aggregate cost amount in each of the categories of expenses for the Project set forth in Exhibits “J-1 through J-3” - Project Budget and all other costs related to the Project that are incurred by the Redeveloper as of the date of issuance of a final Certificate of Occupancy for the entire Project by the City.

1.2.2 **Affiliate** of a specified Person means (i) any Person owning or controlling 25% or more of the outstanding voting securities or beneficial interests of the Person specified, (ii) any Person who is a holder of 25% or more of the outstanding voting securities or beneficial interests of any Person described in clause (i). The term “**control**” (including the term “**controlled by**” and “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.2.3 **City Residual Receipts Loan**. A loan from the Agency to the Redeveloper in an amount not to exceed of Four Million One Hundred Twenty-Five Thousand Dollars (\$4,125,000) evidenced by the Note and secured by the Deed of Trust.

1.2.4 **County Loan**. A loan from the Housing Authority of the County of Los Angeles the Redeveloper in an amount not to exceed of Two Million Five Hundred Sixty-Two Thousand Two Hundred Fifty Dollars (\$2,562,250) evidenced by a Note and secured by a Deed of Trust.

1.2.4 **AHP Loan**. A loan from [Citibank, N.A./Banamex USA] in an amount not to exceed of Seven Hundred Forty Thousand Dollars (\$740,000) evidenced by a Note and secured by a Deed of Trust.

1.2.4 **Closing Tax Credit Equity Installment**. An installment of Tax Credit Equity in the amount of approximately Two Million Nine Hundred Fifty Thousand Dollars (\$1,248,253) paid or loaned by the Tax Credit Investor to the Redeveloper on or before the Close of Escrow.

1.2.5 Commencement of Construction. The first date on which both of the following events have occurred: (a) the City has issued building permits for Construction of the Project; and (b) the Construction Loan transaction has closed.

1.2.6 Construction Loan. One or more loans that Redeveloper shall obtain from one or more Institutional Lenders, the proceeds of which are to be used and applied to pay the reasonable costs of obtaining such loan(s) and either: (a) the excess of the Total Project Costs over the sum of the Redeveloper Fee, the City Residual Receipts Loan and the Closing Tax Credit Equity Installment; or (b) to refinance only the outstanding amount owed under a prior loan obtained by Redeveloper to finance the amount described in “(a)” of this Section 1.2.6 (without any other amounts). Such loan(s) shall provide for normal and customary disbursement controls for the payment of Total Project Costs and normal and customary fees and expenses for loan(s) of similar size and purpose.

1.2.7 Deferred Redeveloper Fee. Defined in Section 1.1.26.

1.2.8 Redeveloper Fee. An aggregate amount not to exceed One Million Six Hundred Twenty Dollars (\$1,620,000.00), inclusive of both the Initial Redeveloper Fee and the Deferred Redeveloper Fee, if any.

1.2.10 Institutional Lender. Any of the following: (a) a bank (State, Federal or foreign), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (State or Federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), Federal or State agency regularly making or guaranteeing mortgage loans, investment bank or a subsidiary of a Fortune 500 company (such as AT&T Capital Corporation or General Electric Capital Corporation); or (b) any Person that is an Affiliate of or is a combination of any one or more of the Persons described in “(a)” of this Section 1.2.10.

1.2.11 Permanent Loan. A loan from a Permitted Lender to the Redeveloper that will be used solely in combination with proceeds of the Tax Credit Equity not previously advanced to completely pay-off the Construction Loan, including the reasonable costs of obtaining the loan and any reasonable and customary fees or charges relating to pay-off of the Construction Loan.

1.2.12 Tax Credits. An allocation from TCAC of nine percent (9%) federal low income housing tax credits in an amount of approximately Nine Million Two Hundred Forty –Seven Thousand Dollars (\$9,247,000) to finance a portion of the Total Project Costs, all in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, all associated Internal Revenue Service regulations and all associated TCAC regulations

1.2.13 Tax Credit Equity. The amount of approximately Eight Million Three Hundred Twenty-Two Thousand Dollars (\$8,322,000) to be paid by the Tax Credit Investor to the Redeveloper to obtain the Tax Credits.

1.2.14 Tax Credit Investor. The Person that provides the Tax Credit Equity. The Tax Credit Investor shall be subject to the reasonable approval of Agency.

2. PROJECT FUNDING

2.1 Construction Loan. Redeveloper shall obtain the Construction Loan such that when the available proceeds of the Construction Loan are combined with the Closing Tax Credit Equity Installment, the Redeveloper Fee and the available proceeds of the City Residual Receipts Loan, the Redeveloper will have sufficient funds to pay all of the Total Project Costs. The proceeds of the Construction Loan shall be used solely to pay Total Project Costs.

2.2 Tax Credit Equity Funding. The Closing Tax Credit Equity Installment shall be funded to the Redeveloper by the Tax Credit Investor on or before the Close of Escrow. The remaining balance of the Tax Credit Equity shall be funded to the Redeveloper by the Tax Credit Investor one month from the receipt of the IRS Form 8609 by the Redeveloper.

2.3 Application for Tax Credit Financing. To provide funds for the Construction of the Project, Redeveloper shall apply for pursuant to Article 4.3 of the Agreement and obtain an allocation of the Tax Credits for conversion to the Tax Credit Equity to finance a portion of the Total Project Costs.

2.4 Redeveloper Fee. The Redeveloper shall be entitled to receive the Redeveloper Fee for its services related to development of the Project. An amount not to exceed One Million Six Hundred Twenty Thousand Dollars (\$1,620,000) may be paid to Redeveloper during construction at such times and in such amounts as may be approved by Tax Credit Investor and Construction Lender (but solely from the proceeds of the Construction Loan or tax credit equity described in Sections 1.2.6 and 1.2.13 hereof) and otherwise shall be paid from net operating income from the completed Project (except as otherwise specifically provided in Section 3 of this Financing Plan) prior to repayment of the City Residual Receipts Loan (“**Deferred Redeveloper Fee**”).

2.5 City Residual Receipts Loan. Subject to the terms and conditions of the Agreement, Agency shall disburse to or for the benefit of Redeveloper an amount not to exceed the original principal amount of the City Residual Receipts Loan. As an inducement to Agency to make the City Residual Receipts Loan, Redeveloper has agreed to enter into the Agreement and has agreed to the performance of the terms and conditions set forth in the Agreement. Redeveloper shall use the City Residual Receipts Loan to pay a portion of the Total Project Costs. Redeveloper shall not be entitled to use any portion of the City Residual Receipts Loan to reimburse itself for any internal management, administrative or overhead expenses or for any purpose other than paying a portion of the Total Project Costs.

2.6 Conditions Precedent to Disbursement of City Residual Receipts Loan. The disbursement of the City Residual Receipts Loan shall be subject to satisfaction of the Agency Conditions under Section 3.3.2 of the DDA.

2.7 Disbursement of City Residual Receipts Loan. Following satisfaction of all of the conditions precedent to disbursement of the City Residual Receipts Loan under Section 2.6 of this Financing Plan, Agency shall disburse the City Residual Receipts Loan as follows:

2.7.1 Agency shall convey the Property to the Redeveloper at the Close of Escrow subject to the Deed of Trust securing the City Residual Receipts Loan; and

2.7.2 Agency shall disburse an amount not to exceed One Million One-Hundred Twenty-Five Thousand Dollars (\$1,125,000.00), being the remaining principal of the City

#7.

Residual Receipts Loan after deduction of the \$3,000,000.00 of principal disbursed to pay the Purchase Price at the Close of Escrow, to the Redeveloper at the Close of Escrow, to reimburse the Redeveloper for a portion of the Total Project Costs.

2.8 Repayment of City Residual Receipts Loan. Redeveloper shall repay the City Residual Receipts Loan pursuant to the terms and conditions of the Note. The Note shall be secured by the Deed of Trust. The Deed of Trust shall only be subordinate in lien priority regarding the Property to statutory liens, the lien securing the Construction Loan and, subsequently, the lien securing the Permanent Loan, and the County Loan.

2.9 No Other Agency Financial Assistance. Agency shall be under no obligation to contribute any other financial assistance to the acquisition, Construction or operation of the Project other than the City Residual Receipts Loan, regardless of Actual Project Costs.

2.10 Permanent Loan. Upon completion of the Construction of the Project, the Permanent Loan shall be obtained from the Institutional Lender that provides the original Permanent Loan commitment or from another Institutional Lender reasonably acceptable to Agency. The proceeds of the Permanent Loan, together with a portion of the Tax Credit Equity proceeds that have not been previously disbursed to Redeveloper, shall be used to completely and timely pay-off the Construction Loan.

3. **COST REDUCTIONS OR INCREASES; ADDITIONAL FINANCING SOURCES.**

The Parties acknowledge and agree that the City Residual Receipts Loan is intended to partially finance the financing “gap” of the Project (the amount needed to pay the excess of the Total Project Costs over the financing and other funding sources available to the Redeveloper for acquisition or Construction of the Project), but in no event to provide funding (when combined with all other sources of financing and other funding sources available to the Redeveloper for acquisition or Construction of the Project) in excess of the Total Project Costs. If the Actual Project Costs are less than the Total Project Costs (the difference between the Actual Project Costs and the Total Project Costs being a “**Cost Reduction**”), then the Cost Reduction shall first be applied to reduce the Deferred Redeveloper Fee, then to reduce the principal amount of the City Residual Receipts Loan. If the Actual Project Costs exceed the sum of all financing and other funding sources available to the Redeveloper for acquisition or Construction of the Project (the difference being a “**Project Deficit**”), the Redeveloper shall be solely responsible for paying the Project Deficit. If the Actual Project Costs are less than the sum of the financing and other funding sources available to Redeveloper for acquisition or Construction of the Project (the difference being a “**Project Surplus**”), then the Project Surplus shall first be applied to pay the Deferred Redeveloper Fee, then to reduce or repay the principal amount of the City Residual Receipts Loan. Notwithstanding any other provision of this Section 3, if the Redeveloper or the Project receives an award of Affordable Housing Program funds (“**AHP Funds**”), these AHP Funds shall first be applied to pay any remaining Project Deficit and then to reduce or repay the principal amount of the City Residual Receipts Loan.

4. **REDEVELOPER RESPONSIBILITY FOR PROJECT COSTS.** The Redeveloper acknowledges that the Actual Project Costs may exceed the Total Project Costs or the financing or other funding sources available to the Redeveloper for acquisition or Construction of the Project. Redeveloper additionally acknowledges that the financing or other funding sources available to

Redeveloper for acquisition or Construction of the Project may be different in type or amount from those set forth in this Financing Plan. Accordingly, Redeveloper acknowledges and agrees that Redeveloper shall be responsible for paying all of the Actual Project Costs, whether or not the Actual Project Costs exceed the financing or other funding sources available to the Redeveloper for acquisition or Construction of the Project.

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Document comparison by Workshare Compare on Wednesday, November 13, 2013 3:43:38 PM

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Padding cell	

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Total changes	182

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Paul Hastings LLP
Twenty-Fifth Floor
515 South Flower Street
Los Angeles, California 90071
Attention: Kenneth Krug, Esq.

Citi Deal Id # 11060

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this “Agreement”) dated as of November 1, 2013, is made by and between ~~THE~~the **CITY OF COMPTON**, as ~~Successor—Agency~~successor to the ~~City~~housing assets of ~~Compton~~the Community Redevelopment Agency of the City of Compton (“Junior Lender”) and **CITIBANK, N.A.** (“Senior Lender”).

RECITALS:

A. The Borrower has applied to Senior Lender for a loan in the maximum principal amount of \$9,400,000 (the “Senior Loan”) for the acquisition, construction, rehabilitation, development, equipping and/or operation of the Property.

B. The Senior Loan is evidenced by the Senior Note (as defined below), is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Senior Security Instrument”), dated as of the date hereof, encumbering the Property, and will be advanced to Borrower pursuant to the Loan Agreement (as defined herein).

C. Junior Lender is making a loan (the “Junior Loan”) to Borrower in the original principal amount of \$~~[4,125,000]~~4,125,000, which Junior Loan is evidenced by that certain ~~[Residual Receipts~~ Promissory Note] dated as of November [], 2013 made by Borrower to Junior Lender (the “Junior Note”) and secured by, the Junior Security Instrument (as hereinafter defined) encumbering the Property, and will be advanced to Borrower pursuant to that certain ~~Amended and Restated~~ Disposition and Development Agreement ~~(the “Junior Loan Agreement”)~~ dated as of June 1, 2009 between Borrower and the City of Compton Community Redevelopment Agency (“Agency”), as amended by that certain First Amendment to Disposition and Development Agreement dated March 20, 2012 by and between Borrower and Junior Lender and that certain Estoppel and Second Amendment to Disposition and Development Agreement dated November [], 2013 by and between Junior Lender and Borrower (as amended, the “Junior Loan Agreement”). Junior Lender has assumed all of the rights and obligations of Agency under the Junior Loan Agreement

D. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement prior to the making of the Junior Loan and the granting of the Junior Security Instrument by Borrower.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

“Bankruptcy Proceeding” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

“Casualty” means the occurrence of damage to or loss of any of the Property by fire or other casualty.

“Condemnation” means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

“CUP Restrictions” means [conditions #1 and #3 of that certain Conditional Use Permit Case No\(s\). 2626 & 2629 \(Variance Case No\(s\). 2627 & 2630\) recorded on April 28, 2009 as Document No. 20090618678.](#)

“Enforcement Action” means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee’s sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker’s lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

“Enforcement Action Notice” means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

“Junior Indebtedness” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“*Junior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Junior Security Instrument.

“*Junior Loan Documents*” means, collectively, the Junior Note, the Junior Security Instrument, the Junior Regulatory Agreement, the Junior Loan Agreement, [the CUP Restrictions](#) and all other documents evidencing, securing or delivered in connection with the Junior Loan, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

“*Junior Regulatory Agreement*” means that certain [\[Redacted\] Regulatory Agreement](#) dated as of November [], 2013, by and between Borrower and Junior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

“*Junior Security Instrument*” means that certain [\[Deed of Trust\], Security Agreement and Fixture Filing \(with Assignment of Rents\)](#) dated as of November [], 2013, made by Borrower for the benefit of Junior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

“*Loan Agreement*” means that certain Construction Loan Agreement dated as of the date hereof by and between Borrower and Senior Lender relating to the Senior Loan.

“*Loss Proceeds*” means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

“*Property*” means (i) the land and improvements known or to be known as Compton Senior Apartments, located in Compton, Los Angeles County, State of California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other Senior Loan Documents.

“*Senior Indebtedness*” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“*Senior Loan Documents*” means, collectively, the Senior Security Instrument, the Senior Note, the Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

“*Senior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Senior Security Instrument.

“*Senior Note*” means the Note, as defined by the Senior Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

“*Senior Security Instrument*” means that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof, made by Borrower for the benefit of Senior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof. Junior Lender acknowledges and agrees that the Junior Regulatory Agreement satisfies the requirements of the CUP Restrictions and that no other restrictive covenant, regulatory agreement or other document is required pursuant to such CUP Restrictions.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in

such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the complete subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Senior Security Instrument and other Senior Loan Documents and of the Junior Security Instrument and other Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Note.

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder. Notwithstanding the foregoing, Senior Lender shall not increase the amount of the Senior Loan (other than with respect to a protective advance made under the Senior Loan Documents) without the consent of Junior Lender, not to be unreasonably withheld or delayed.

3. Junior Lender Agreements.

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) appear in, defend or bring any action in connection with the Property; or (vi) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the ~~best of its~~current actual knowledge of the City Manager, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following ~~Senior Lender's receipt~~delivery of an Enforcement Action Notice to Senior Lender given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be

subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), and (ii) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests

held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior has also voted affirmatively in favor of such plan, and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings. Junior Lender shall execute and deliver to Senior Lender powers of attorney, assignments or other instruments as may be requested by Senior Lender in order to enable it to exercise the above-described authority or powers with respect to any or all of the Junior Loan Documents, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any of the Junior Loan Documents to Junior Lender.

(f) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. Notwithstanding the foregoing, Senior Lender shall not increase the amount of the Senior Loan (other than with respect to a protective advance made under the Senior Loan Documents) without the consent of Junior Lender, not to be unreasonably withheld or delayed. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with

applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the entire proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is \$~~4,125,000~~ 4,125,000; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; and (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

4. **Standstill Agreement; Right to Cure Senior Loan Default.**

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Security Instrument or any of the other Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (a) to enforce any obligation of Borrower under any of the Junior Loan Documents, (b) to collect any monies payable to Borrower, (c) to have a receiver appointed to collect any monies payable to Borrower; or (d) to foreclose the lien(s) created by the Junior Security Instrument) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, ~~and~~ (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan

#7.

Documents, any guaranty of the obligations of Borrower under the Junior Loan, or (d). Nothing herein shall limit the Junior Lender's ability to seek injunctive or other equitable relief to enforce its rights under the Junior Regulatory Agreement prior to Senior Lender's completion of a foreclosure remedy under the Senior Security Instrument.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within ~~any applicable~~ thirty (30) days following the delivery of a notice ~~or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such of a~~ Senior Loan Default to Junior Lender. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

(d) Junior Lender agrees that, notwithstanding any contrary provision contained in the Junior Loan Documents, a Senior Loan Default shall not constitute a default under the Junior Loan Documents if no other default occurred under the Junior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

5. **Insurance.** Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an

additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default.** Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs.** Borrower and Junior Lender agree to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights against Junior Lender under this Agreement.

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender:

~~[SUBORDINATE LENDER]~~
~~[SUBORDINATE LENDER ADDRESS]~~
 Attn: ~~[]~~ City of Compton
205 S. Willowbrook Avenue
Compton, California 90220
Attn: Redevelopment Director
 Fax: ~~[]~~

If to Senior Lender:

390 Greenwich Street, 2nd Floor
 New York, New York 10013
 Attention: Desk Head, Transaction Management Group
 Citi Deal Id # ~~[]~~ 11060
 Facsimile: (212) 723-8642

AND

325 East Hillcrest Drive, Suite 160
 Thousand Oaks, California 91360
 Attention: Operations Manager/Asset Manager
 Citi Deal Id # ~~[]~~ 11060
 Facsimile: (805) 557-0924

AND

#7.

[Account Specialist]
[Insert Account Specialist Address}
Attention: Account Specialist
Citi Deal Id # [REDACTED] 11060
Facsimile: [Insert Account Specialist Facsimile Number]

AND

388 Greenwich Street
New York, New York 10013
Attention: General Counsel's Office
Citi Deal Id # [REDACTED] 11060
Facsimile: (212) 723-8939

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 43(J) OF THE SENIOR SECURITY INSTRUMENT.

10. **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. **Miscellaneous.**

(a) Junior Lender shall, within ten (10) business days following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may reasonably require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are reasonably required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder following the prior written consent of Senior Lender, which consent may be withheld or conditioned in its sole and absolute discretion.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this

Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

12. **Attached Exhibits.**

The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

Exhibit A – Legal Description

Exhibit B – Modifications to Subordination and Intercreditor Agreement

The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.

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#7.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

JUNIOR LENDER:

CITY OF COMPTON

By: _____
Name: _____
Title: _____

(signatures follow on subsequent page)

SENIOR LENDER:

CITIBANK, N.A.

By: _____
Richard Gerwitz
Vice President

(signatures follow on subsequent page)

#7.

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

COMPTON SENIOR APARTMENTS, L.P.,
a California limited partnership

By: Compton Senior Apartments, LLC,
a California limited liability company,
its Administrative General Partner

By: _____
John M. Huskey
Manager

By: WCH Affordable II, LLC,
a California limited liability company,
its Managing General Partner

By: Western Community Housing, Inc.,
a California nonprofit public benefit corporation,
its Sole Member and Manager

By: _____
Graham P. Espley-Jones
President

State of California
County of _____

On _____ before me, _____ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

#7.

State of California
County of

On _____ before me, _____ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California
County of _____

On _____ before me, _____ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

#7.

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Compton, County of Los Angeles, State of California, described as follows:

[_____]

EXHIBIT B

Modifications To
Subordination and Intercreditor Agreement

The following modifications are made to the text of the Agreement that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Agreement.

