

STAFF REPORT*CITY OF OCEANSIDE*

DATE: June 3, 2015

TO: Honorable Mayor and City Councilmembers
Chairman and Members of the Community Development Commission

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH SFC WEITZEL, LP (NORTH COUNTY SOLUTIONS FOR CHANGE) FOR THE DEVELOPMENT OF WEITZEL STREET APARTMENTS**

SYNOPSIS

Staff and the Housing Commission recommend that the Community Development Commission and the City Council approve a Disposition and Development Agreement with SFC Weitzel, LP (North County Solutions for Change) of Vista for the development of Weitzel Street Apartments and affordable housing project at the corner of Weitzel Street and Civic Center Drive; and authorize the City Manager to execute the Agreement.

BACKGROUND

The existing Eastside Community Garden lot is located at the northeast corner of North Weitzel Street and Civic Center Drive. This parcel was originally purchased by the City in 1994 as a possible site for the relocation of Fire Station 1 and subsequently became the temporary location for community gardening activities. In 2004 the City purchased another site near the Civic Center for the fire station, leaving the garden site available for other uses. In 2010 the site was purchased by the Community Development Commission (Housing Authority) with Inclusionary Housing Funds for a future affordable housing development.

In 2012, the City approved a Memorandum of Understanding (MOU) with North County Solutions for Change (Solutions), a local nonprofit organization, based in Vista, California, and appropriated \$326,000 of HOME Community Housing Development Organization (CHDO) funds to assist with the development of an affordable multi-unit residential project within Oceanside. Solutions provides housing and supportive services for homeless adults and children from North County communities. The overall goal for Solutions is to enable families to end the cycle of homelessness and become independent, self-sufficient members of the community. Solutions also manages two

single family homes in Oceanside which were acquired and rehabilitated through the Neighborhood Stabilization Program (NSP) and is also a recognized CHDO by the U.S Department of Housing and Urban Development (HUD). Solutions has partnered with Chelsea Investment Corporation (Chelsea), an affordable housing developer, based in Carlsbad, for development of the Project.

Since approval of the MOU, Solutions and Chelsea (the Development Team) has initiated predevelopment activities in order to refine the scope of the proposed Project. Approving a Disposition and Development Agreement (DDA) is the next step in the process which formalizes the development partnership between the City and the Development Team. Approval of the DDA had been previously delayed pending resolution of potential impacts that the future I-5 widening could have on the Project. City staff and the Development Team subsequently met with Caltrans and received information that the site would not be significantly impacted by the proposed freeway expansion.

ANALYSIS

Under the terms of the DDA, Solutions would develop 32 affordable housing units on the site which would be rented to very low- and low-income residents. The City would lease the land to Solutions through a long-term Ground Lease and would provide a local housing fund subsidy secured by Loan and Regulatory Agreements. Solutions would also reestablish a community garden on a City-owned parcel located on Nelms Street in the Eastside Neighborhood. It is anticipated that development entitlements will be completed in 2015. The Project's construction start date is contingent upon receiving Tax Credit financing. The first round of application for this financing will occur in Summer 2015.

FISCAL IMPACT

The total project cost is estimated to be \$13,722,689. This includes a City loan of \$1,226,000 of affordable housing funds, which consists of the previously appropriated \$326,000 of CHDO funds (823125700277) and an additional \$900,000 of CDBG Funds (921476300237) that will be subsequently appropriated this fiscal year. There is no impact on the General Fund and the City is not obligated to appropriate any additional funds to Solutions for the project.

COMMISSION OR COMMITTEE REPORT

At its meeting on March 24, 2015, the Housing Commission recommended approval of the DDA with Solutions.

CITY ATTORNEY'S ANALYSIS

The DDA has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff and the Housing Commission recommend that the Community Development Commission and the City Council approve a Disposition and Development Agreement with SFC Weitzel, LP (North County Solutions for Change) of Vista for the development of Weitzel Street Apartments and affordable housing project at the corner of Weitzel Street and Civic Center Drive; and authorize the City Manager to execute the Agreement.

PREPARED BY:

SUBMITTED BY:



David L. Manley
Neighborhood Services Division Manager



Michelle Skaggs Lawrence
Interim City Manager

REVIEWED BY:

Margery M. Pierce, Neighborhood Services Director



Jane M. McPherson, Interim Financial Services Director



Attachment: Disposition and Development Agreement

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**") dated solely for identification as of June ____, 2015, is made and entered into by and between the CITY OF OCEANSIDE, a chartered California municipal corporation and the Oceanside Community Development Commission (hereafter collectively referred to as the "**City**"), and SFC WEITZEL, L.P., a California limited partnership ("**Developer**"), City and Developer shall be referred to within this Agreement jointly as the "**Parties**" and individually as a "**Party**."

RECITALS:

A. Capitalized Terms. The capitalized terms used in these recitals and throughout this Agreement shall have the meanings assigned to them in Section 1, "**Definitions**", of this Agreement. Any capitalized terms not defined in Section 1 shall have the meanings otherwise assigned to them in this Agreement or apparent from the context in which they are used.

B. Intent of the Parties. City is the owner of an approximately 0.95 (+/-) acre Property located in the City of Oceanside on the corner of North Weitzel Street and Civic Center Drive, Oceanside, California 92054 and more particularly described in **Exhibit "A"** which is attached hereto and made a part hereof ("**Property**"). The purpose of this Agreement is to further the City's Low-Income Housing goals by leasing the Property to Developer or Developer's affiliated entities for a period of at least fifty-five (55) years for the development of a thirty-two (32) unit multi-family housing complex on the Property ("**Project**") to be rented to very low and low income persons (collectively, "**Residents**"). The first step required to facilitate the Project, which step is an additional purpose of this Agreement, is to relocate the existing community garden use of the Property to another location. The Parties desire to define the parameters within which the Project will be constructed and operated, the obligations of Developer to construct the Project and the infrastructure and public improvements related thereto, and to assist in attaining the most effective utilization of resources of the City. The development of the Project pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals and welfare of the City's residents, and in accord with the purposes of the City and provisions of applicable federal, state and local laws and requirements.

C. Public Benefits of Project. The financial subsidies provided by the City under this Agreement are in consideration for Developer's development of the Project, as defined in this Agreement and the renting of all units of the Project (other than a manager's unit) to very low and low income persons for a period of fifty-five (55) years. The Project will benefit very low and low income residents by providing new and additional accommodations for very low and low income persons and assisting the City in the satisfaction of its responsibility to provide housing to very low and low income and the Agreement is consistent with the City's "Comprehensive Affordable Housing Strategy" as approved by the City Council on March 3, 2004, as the strategy may have been amended. The Developer's Obligation to rent units in the Project to low and very low income residents will be secured by a "**Regulatory Agreement**" to be entered into by the City and Developer.

D. Mutual Agreement. Based on the foregoing and subject to the terms and conditions set forth in this Agreement, Developer and City desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and having determined that the foregoing recitals are true and correct and should be and hereby are incorporated into this Agreement and intending to be legally bound, the Parties agree as follows:

1. **DEFINITIONS.**

The following words and phrases are used as defined terms throughout this Agreement. Each defined term shall have the meaning set forth below.

1.1 **Applications.** The term "**Application(s)**" shall mean a completed application for the applicable land use entitlements (such as site plan review, environmental review, etc.) for the Project as defined in this Agreement, meeting all of the current ordinances of City.

1.2 **Assignment.** All forms of use of the verb "**assign**" and the nouns "**assignment**" and "**assignee**" shall include all contexts, hypothecation, sale, conveyance, transfer, lease, and assignment.

1.3 **Certificate of Occupancy.** The term "**Certificate of Occupancy**" shall mean the Certificate of Occupancy or Temporary Certificate of Occupancy issued by the City for the Project.

1.4 **City CDBG Funds.** The term "**City CDBG Funds**" means Community Development Block Grant funds in the amount of \$900,000 to be loaned to the Developer to pay for Eligible Soft Costs and Garden Work incurred during construction.

1.5 **City CHDO Funds.** The term "**City CHDO Funds**" means Community Housing Development Organization funds in the amount of \$326,000 to be loaned to Developer to pay for Eligible Soft Costs and the Garden Work (as further provided in Section 4.1 and Section 5.4 hereof).

1.6 **"City Loan"** The term "**City Loan**" means the loan by the City to Developer of City CDBG Funds as described in Section 4.1 b. hereof.

1.7. **Commence Construction.** The term "**Commence Construction**" and related phrases shall mean Developer has issued a Notice to Proceed for the Improvements to its general contractor.

1.8 **Days.** The term "**days**" shall mean calendar days and the statement of any time period herein shall be calendar days, and not working days, unless otherwise specified.

1.9 **Default.** A "**Default**" refers to any default, breach, or violation of a provision of this Agreement as defined in Section 11. An "**Agency Default**" refers to a Default by City, while a "**Developer Default**" refers to a Default by Developer.

1.10 **Developer.** "**Developer**" means SFC Weitzel, L.P., a California limited partnership, and any successor in interest permitted in accordance with the provisions of Section 12.

1.11 Development. “**Development**” means the improvement of the Property by effecting the Improvements and facilities comprising the Project as defined in this Agreement including, without limitation: grading, the construction of infrastructure and public facilities related to the Project; the construction of structures and buildings; and the installation of landscaping.

1.12 Development Approvals. “**Development Approvals**” means City’s approval of all applicable property-specific (meaning specifically applicable to Property only and not generally applicable to some or all other properties within the City) plans, maps, permits, and entitlements of every kind and nature. Development Approvals include, but are not limited to City’s approval of all applicable, specific plans, site plans, variances, zoning designations, planned unit developments, conditional use permits, grading, building, and other similar permits, the property-specific provisions of general plans, environmental assessments, including environmental impact reports, and any amendments or modifications to those plans, maps, permits, assessments and entitlements.

1.13 Development Plan. The “**Development Plan**” means the existing development approvals, future development approvals and Existing Land Use Regulations.

1.14 Effective Date. The “**Effective Date**” means the date the Agreement becomes effective as set forth in Section 2.2.

1.15 Eligible Soft Costs. The “**Eligible Soft Costs**” means all costs incurred by Developer i n connection with the acquisition, construction, and/or equipping of the Property in connection with the Project. Eligible Soft Costs shall include due diligence and other property investigation costs, impact and permit fees, the cost of environmental studies and reports, development design and engineering fees, consultant and legal fees, appraisal costs, cost evaluation expenses, and other cost and expenses directly related to the acquisition, analysis, design and financing of the Project.

1.16 Escrow. The “**Escrow**” means the escrow for the conveyance of the Leasehold with First American Title Company, or any other escrow company approved by the City, as set forth in Section 3.2 below.

1.17 Ground Lease. “**Ground Lease**” means the ground lease to be executed by the City and Developer in the form to be mutually agreed upon by the parties.

1.18 Improvements. The term “**Improvements**” shall mean all, or any portion, of the 32 apartment units and related improvements to be constructed on the Property, which shall include: on-site parking, secure gated access, laundry facilities, a community room, management office, an interior courtyard and playground.

1.19 Land Use Regulations. “**Land Use Regulations**” means those ordinances, laws, statutes, rules, regulations, initiatives, policies, requirements, guidelines, constraints, codes or other actions of the City which purport to affect, govern, or apply to the Project, Property or the implementation of the Development Plan. Land Use Regulations include the ordinances and regulations adopted by the City which govern permitted uses of land, density and intensity of use and the design, improvement, and construction standards and specifications applicable to the development of property, including, but not limited to, the General Plan, specific plans, zoning ordinances, implementing growth management and phased development programs, ordinances establishing development exactions, subdivision and park codes, any other similar or related

codes and building and improvements standards, mitigation measures required in order to lessen or compensate for the adverse impacts of a project on the environment and other public interests and concerns or similar matters. The term Land Use Regulations does not include, however, regulations relating to the conduct of business, professions, and occupations generally; taxes and assessments; conveyances of rights and interests which provide for the use of or entry upon public property; and exercise of the power of eminent domain; or similar matters.

1.20 Leasehold. "**Leasehold**" means that leasehold estate in the Property created by the Ground Lease between City and Developer.

1.21 Mortgage. "**Mortgage**" shall mean a mortgage, deed of trust, or sale and leaseback arrangement, leasehold mortgage or other transaction in which all or any portion of or interest in the Project is pledged as security.

1.22 Mortgagee. "**Mortgagee**" shall mean the holder of a beneficial interest under a Mortgage, including the beneficiary of a deed of trust and the holder of any Mortgage, or other security interest, or the lessor under a lease-back, or the grantee under any other conveyance for financing.

1.23 Predevelopment Loan. "**Predevelopment Loan**" means the predevelopment loan by the City to Developer of City CHDO Funds, or other funds, as described in Section 4 hereof.

1.24 Project. The "**Project**" means the development of the Improvements pursuant to the Development Plan and this Agreement for use as a multi-family housing complex solely for very low and low income Residents.

1.25 Property. The "**Property**" means the real property owned by the City and located in Oceanside, California which comprises of approximately 0.95 (+/-) acres and which will be transferred to Developer in accordance with the provisions of this Agreement. The Property is more particularly described in **Exhibit "A"** which is attached hereto and made a part of hereof.

1.26 Schedule of Performance. The term "**Schedule of Performance**" shall mean that certain Schedule of Performance attached hereto as **Exhibit "B"**.

1.27 Solutions for Change, Inc. The term "**Solutions for Change, Inc.**" shall mean that certain corporation, Solutions for Change, Inc., a California public benefit nonprofit corporation which is the sole member of Solutions Weitzel, LLC, a California limited liability company which is the general partner of SFC Weitzel, L.P., the Developer.

1.28 Tax Credits. "**Tax Credits**" means federal low-income housing tax credits.

1.29 Tax Credit Allocation. The "**Tax Credit Allocation**" means an allocation of Tax Credits for the Project from the California Tax Credit Allocation Committee ("**CTCAC**") in an amount sufficient to finance the development of the Project.

1.30 Term. The "**Term**" means that period of time during which this Agreement shall be in effect and bind the Parties.

2. TERM.

2.1 Term. The term of this Agreement (“**Term**”) shall commence on the Effective Date and shall continue until a Certificate of Occupancy has been issued by the City for the Project, except as to those provisions in this Agreement which by their terms survive the termination of this Agreement.

2.2 Effective Date. This Agreement shall become effective upon the date it is approved by the Oceanside City Council and the Community Development Commission (“**Effective Date**”).

2.3 Termination. Development of the Project and performance of the Garden Work (as defined in Section 5.4 hereto) are contingent on Developer receiving a commitment for the Predevelopment Loan and City Loan as described in Section 4 below. The development of the Project is also contingent upon receipt by the Developer of a sufficient Tax Credit Allocation from CTCAC to enable it to finance the Project and receipt of the other Project Funding set forth in Section 10. Developer intends to submit an application for Tax Credits to CTCAC in 2016. In the event Developer does not receive a Tax Credit Allocation in 2016, Developer shall have the right to submit Tax Credit applications in subsequent application rounds through June 30, 2019. In the event that the Developer does not receive a sufficient Tax Credit Allocation for the Project by June 30, 2019, or does not receive the Project Funding set forth in Section 10, this Agreement shall terminate and neither the City nor the Developer shall have any obligation or liability to the other hereunder.

3. DISPOSITION OF LEASEHOLD.

3.1 Lease of the Property. In consideration of the Project providing new and additional housing to very low and low income Residents within the City of Oceanside, and provided the Developer is not in default of any provision of this Agreement, and subject to any mutually agreed upon extensions of time, City shall Lease to Developer the Property in consideration of rent in the amount of \$1.00 annually (“**Ground Rent**”) and for a term of fifty-five (55) to sixty-five (65) years as may be elected by Developer prior to execution of the Ground Lease, and on the terms and conditions to be set forth in the Ground Lease.

3.2 Escrow. The City shall open an escrow for conveyance of the Leasehold with First American Title Company, or any other escrow company approved by the City, as escrow agent (“**Escrow Agent**”), in Oceanside, California, not later than within three (3) days after receipt of notice from Developer that Developer is preparing to Close (“**Closing Notice**”). Except as may mutually be agreed between the City and Developer, the close of escrow and conveyance of the Leasehold to the Developer (the “**Closing**”) shall occur within the times set forth in Developer’s Closing Notice.

This Agreement constitutes the joint escrow instructions of the City and Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of escrow. The City and the Developer shall provide such additional escrow instructions as shall be necessary and consistent with the provisions of this Agreement. The Escrow Agent hereby is empowered to act under this Agreement, and, upon indicating its acceptance of the provisions of this Section 3.2 in writing, delivered to the City and to the Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent under this Agreement.

The Developer shall deposit into escrow all fees, charges and costs relating to the escrow and conveyance of the Leasehold to Developer, including, without limitation, the following, after the Escrow Agent has notified the Developer of the amount of such fees, charges and costs, and prior to the close of escrow:

- a. All escrow fees and costs;
- b. The premium for any title insurance policy and special endorsements, if any;
- c. Recording fees;
- d. Notary fees;
- e. The first payment of Ground Rent;
- f. Ad valorem taxes, if any; and
- g. Any transfer taxes, including, without limitation, document transfer taxes.

The City shall timely and properly execute, acknowledge and deliver to Escrow Agent the Ground Lease and a Memorandum of Ground Lease for the Leasehold interest in the Property.

On the date of close of escrow, the Escrow Agent is authorized to:

- a. Pay any charge of the Developer for any and all fees, charges and costs payable under this Section 3.2 of this Agreement. Before such payments are made, the Escrow Agent shall notify City and Developer of the fees, charges and costs necessary to clear title and convey the Leasehold;
- b. Deliver the Ground Lease and other documents to the parties entitled thereto when the conditions of the escrow have been fulfilled by the City and the Developer; and
- c. Record the Memorandum of Ground Lease and any other instruments delivered through this escrow, if necessary or proper, to vest Leasehold title to the Property in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in the escrow shall be deposited by the Escrow Agent in an interest bearing account for the benefit of the depositing party as directed by the depositing party.

3.3 City's Conditions to Closing. The following conditions precedent (collectively, "**City's Conditions to Closing**"), which shall be completed to the City's reasonable satisfaction or waived by the City prior to close of escrow for conveyance of the Leasehold to the Developer:

- a. Deposit by the Developer with Escrow Agent of all documents and required sums necessary for close of escrow;
- b. The Developer shall have succeeded in obtaining financing on terms that are commercially reasonable and satisfactory to City and in an amount sufficient to enable the Developer to complete the Project; provided however, in order to facilitate Developer's application for Project Funding (as defined in section 10 below) the Ground Lease may be

b. The Developer shall have succeeded in obtaining financing on terms that are commercially reasonable and satisfactory to City and in an amount sufficient to enable the Developer to complete the Project; provided however, in order to facilitate Developer's application for Project Funding (as defined in section 10 below) the Ground Lease may be executed before Developer has obtained all Project Funding, but if the Developer fails to obtain sufficient Project Funding, then the executed Ground Lease shall be null and void;

c. The Developer shall have executed a Regulatory Agreement, to be recorded in the office of the County Recorder of San Diego County, placing certain covenants, conditions and restrictions on the use and occupation of the Property; and

d. The Developer shall not be in material default of any term or condition in this Agreement.

3.4 Developer's Conditions to Closing on Leasehold. The following are conditions precedent (collectively, "**Developer's Conditions to Closing**"), which shall be completed to Developer's satisfaction, or waived by the Developer, prior to close of escrow for conveyance of the Leasehold or by the City:

a. The City shall have complied with all requirements of Escrow Agent applicable to the City, including, without limitation, deposit into escrow of the Ground Lease and all other documents, if any, necessary for the close of escrow for conveyance of the Leasehold, and deposit of the City Loan funds;

b. The Title Company (as defined in Section 3.6) shall be in the position to issue the Leasehold Title Policy (as defined in Section 3.6) for the Property;

c. The Developer shall have succeeded in obtaining all Development Approvals, and once the fees required therefor have been paid, the City is prepared to issue such permits as may be required in order for the Developer to begin construction of the Project;

d. The Developer shall, in its sole determination, be prepared to close concurrently on the Project Funding which Developer determines is adequate to finance the development and construction of the Project on the Property in accordance with the terms and conditions of this Agreement; provided however, in order to facilitate Developer's application for Project Funding (as defined in Section 10) the Ground Lease may be executed before Developer obtains all Project Funding, but if Developer Fail to obtain sufficient Project Funding then the executed Ground Lease shall be null and void; and

e. City shall not be in default of any term or condition of this Agreement.

3.5 Condition of Title. The City shall convey to the Developer the Leasehold free and clear of (i) all liens, encumbrances, covenants, restrictions, easements, leases, taxes and other defects and (ii) any exception created by City after the date of this Agreement unless caused to be placed on title by Developer with the City's consent, which shall not be unreasonably or untimely withheld.

3.6 Title Insurance. After execution of the Ground Lease and concurrently with the recordation of the Memorandum of Ground Lease (**Exhibit "C"**), First American Title Company ("**Title Company**") shall provide and deliver to Developer a Title Insurance Policy, issued by the

If Developer elects to secure an A.L.T.A. owner's policy or to secure an A.L.T.A. lender's policy for the benefit of any lender for which a mortgage or leasehold mortgage will or is intended to be granted covering the Leasehold as permitted by the terms of this Agreement, City shall cooperate with Developer to obtain such policies by providing surveys and engineering studies in its possession which relate to or affect a condition of title or a geological condition. In providing such surveys and engineering studies, City does not warrant the accuracy or sufficiency of such material. The responsibility of City assumed by this paragraph is limited to cooperating in good faith with Developer. City shall have no obligation to incur any cost or to take any action necessary to obtain an A.L.T.A. policy. Notwithstanding the foregoing, if Title Company is unable or unwilling to deliver said A.L.T.A. owner's or lender's policy consistent with the provisions of this Agreement, then in addition to any other rights or remedies of Developer, Developer may terminate this Agreement pursuant to Section 11.2.

Developer shall pay for all premiums for all title insurance policies and coverage and special endorsements with respect to the Leasehold.

3.7 Possessory Interest; Taxes and Assessments. The Parties understand that in accordance with California Revenue and Taxation Code section 107.6(a) and California Health and Safety Code section 33673, entering into the Ground Lease may create a possessory interest subject to property taxes. Developer and/or its successors or other party(ies) in whom the possessory interest is vested shall be subject to the payment of property taxes, liens or encumbrances levied on such interest, unless or until an exemption is otherwise available.

Developer acknowledges and agrees that the Leasehold and/or the Improvements thereon, and any possessory interest therein, shall at all times after the commencement of the Ground Lease, be subject to ad valorem taxes levied, assessed or imposed on such property, and that Developer shall pay taxes upon the assessed value of the entire property unless or until exempt, and not merely upon the assessed value of its leasehold interest.

3.8 Developer's Due Diligence. During escrow, Developer and its agents and consultants shall have access to the Property to conduct its due diligence. Within 30 days following the Effective Date, City shall provide all documents relating to the Property in its possession to Developer, including, without limitation, surveys, environmental reports, physical inspection reports, soils reports, appraisals and market studies or reports (collectively, the "**Due Diligence Documents**"). Developer acknowledges and agrees that the Due Diligence Documents are provided for information and disclosure purposes only.

4. CITY'S OBLIGATIONS. City shall make a loan of the City CHDO Funds and a loan of the City CDBG Funds to Developer as set forth below and subject to the terms of this Agreement.

4.1. Predevelopment Loan and City Loan.

a. Predevelopment Loan. The City CHDO Funds shall be disbursed to the Developer prior to the Closing as a predevelopment loan ("**Predevelopment Loan**"). The City CHDO funds shall be used to reimburse Developer for the cost of the Garden Work and for Eligible Soft Costs that are incurred prior to the Closing. The Predevelopment Loan shall be evidenced by a promissory note ("**Predevelopment Note**") in the amount actually advanced of up to Three Hundred Twenty-Six Thousand Dollars and 00/100 (\$326,000) in the form attached hereto as **Exhibit "D"**. At and subject to the Closing, all amounts owing under the

Predevelopment Note shall be added to and included in the principal amount of the City Loan, and the Predevelopment Note shall be endorsed as "paid in full" and returned to Developer. No amount of the Predevelopment Loan shall be due and payable at the Closing, payments shall only be made in accordance with the terms of the City Note. If this Agreement is terminated prior to the Closing, the outstanding principal balance and accrued interest on the Predevelopment Loan shall be forgiven in accordance with the terms of the Predevelopment Note.

The Predevelopment Loan may be drawdown upon written requests from Developer to the City (each a "**Drawdown Request**") for the purposes allowed under Section 4.1.a, provided that no individual Drawdown Request shall exceed \$25,000. Drawdown Requests may be submitted as deemed necessary by Developer. For invoices that cover purposes where the invoice has already been paid, the Drawdown Request shall include proof of payment of the invoice. For invoices that have not yet been paid by Developer, Developer agrees to submit proof of payment of the invoice to the City within sixty (60) days of receipt of the funds from the City. Upon the City's receipt of a Drawdown Request, the City shall have fifteen (15) days to disburse the funds to Developer.

b. City Loan. The City agrees to lend to Developer, and Developer agrees to borrow from City, the City CDBG Funds in an amount not to exceed Nine Hundred Thousand and 00/100 Dollars (\$900,000) (the "**City Loan**"), which shall be used solely to reimburse Developer for Eligible Soft Costs and Garden Work incurred during construction. The City Loan shall be evidenced by a City Loan note ("**City Note**") which shall include in its principal amount any Predevelopment Loan proceeds disbursed to Developer for Eligible Soft Costs and Garden Work prior to the Closing. The City Note shall have a term of 55 years and shall bear simple interest at a rate of three percent (3%) per year. Repayment of the City Note shall be secured by a Deed of Trust that shall be subordinate to any liens recorded against the Project for the conventional construction and permanent financing ("**City Deed of Trust**"). Payments on the City Loan shall be made from, and subject to, Project cash flow.

Notwithstanding the foregoing, the City may make additional funds available to the Project, and shall have the right to substitute the City CDBG Funds and City CHDO Funds with other available funds in the same amount, with the consent of the Developer. The City's designee shall have the authority to make reasonable modifications to the terms of the Predevelopment Loan and City Loan, that do not increase the financial burden or risk to the City, and that may be required in order to ensure the viability of the Project, without approval from the City Council.

5. DEVELOPMENT OF PROPERTY.

5.1 Project Development. Developer will develop and construct a thirty-two (32) unit multi-family housing complex upon the Property. The design of the housing complex shall conform to the City's zoning ordinance, all local building codes, public works improvement standards and all other applicable ordinances and Land Use Regulations, the Development Plan and all the provisions of this Agreement.

5.2 Offsite Improvements. The obligation to develop the Project includes the obligation to develop certain improvements that are not located on the Property as required by the City ("**Offsite Improvements**"). City and Developer acknowledge that a community garden currently exists on the Property ("**Community Garden**") which will be closed by the City and relocated to a new site ("**New Community Garden**"). Using the proceeds of the Predevelopment Loan, Developer shall cause its contractor, Greener Concepts ("**Garden Contractor**"), to construct the New Community Garden at an anticipated cost of approximately \$100,000, as an

Offsite Improvement at 1237 Nelms Street, Oceanside, in accordance with the Precise Grading Plan attached hereto as **Exhibit "E"** developed as a part of a design build project by Developer, Garden Contractor, the City and City's consultants (collectively, the "**Garden Work**"). Developer will oversee the Garden Work; however, the City will own and be responsible for the operation and continued maintenance of the New Community Garden and the costs of such operation and maintenance. City will provide Developer and Garden Contractor with any right of entry agreement or other agreement, which City may require to be executed with the Developer in conjunction with the Garden Work. City and Developer agree that, subject to receipt of the Predevelopment Loan, and Developer and Garden Contractor's satisfaction with the design/build plan, Developer shall cause Garden Contractor to complete construction within 120 days after commencement of construction.

6. TIMELINE FOR PROJECT AND FEES TAXES AND ASSESSMENTS.

6.1 Timing Constraints to Development Plan. City and Developer agree that the Project will be developed and constructed in accordance with the following timing constraints:

- a. Close of escrow for the Leasehold of the Property no later than 180 days following receipt by Developer of a Tax Credit Allocation;
- b. Developer will Commence Construction of the Project no later than 30 days following the close of escrow for the Leasehold of the Property;
- c. Developer will complete construction of Project no later than 18 months following commencement of construction; and
- d. All other development and construction matters in accordance with the Schedule of Performance.

6.2 Payment of Fees, Taxes and Assessments. Developer shall pay fees, taxes and assessments as are described in or required by this Agreement, the Development Plan or applicable law, ordinance, rule or regulation. This Agreement shall not prohibit the application of fees, taxes or assessments as follows:

- a. Developer shall pay any fees, taxes or assessments imposed on a City wide basis which are not specifically related to the construction or development of the Project including, without limitation, business license fees or taxes, utility taxes, landscape and lighting assessments, community service assessments, capital facilities fees and bond assessments, whether or not they existed on the Effective Date; and
- b. Developer shall pay all fees applicable to any Application charged by City at the time such Application is filed by Developer.

7. REPRESENTATIONS AND WARRANTIES

7.1 City. The City hereby represents and warrants to the Developer as of the Effective Date of this Agreement as follows:

a. The City is a duly organized and existing governmental agency/entity under the laws of the State of California.

b. By proper action of the City's governing body, the City has been authorized to execute and deliver this Agreement, acting by and through its authorized officer(s);

c. By entering into this Agreement, the City does not violate any provision of any other agreement to which it is a party;

d. The City is, as of the effective date of Ground Lease, the fee owner of the Property to be developed and/or has full right, power and authority to transfer a leasehold interest in the Property for the developments provided herein and perform all of the City's obligations hereunder;

e. There are no stop notice and/or unsatisfied mechanic's or materialman's lien rights concerning the Property;

f. No actions, suits or proceedings are pending, or to the best of City's knowledge, threatened before any governmental department, commission, board, bureau, agency or instrumentality that would adversely affect the Property or Developer's right to occupy, develop or utilize the Property;

g. The City has disclosed to the Developer all information concerning the Property of which City is aware. If the City becomes aware of any fact or circumstance that would change or render incorrect, in whole or in part, any representation or warranty by the City under this Agreement whether as of the date hereof or any time thereafter through the date of City's transfer of leasehold interests in the Property hereunder, and whether or not such representation or warranty was based on the City's knowledge and/or belief as of a certain date, the City will give immediate notice of such changed facts or circumstances to the Developer. The City shall advise the Developer in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) through (g) inclusive.

7.2 Developer. Developer represents and warrants to the City as follows:

a. Developer is duly established and in good standing under the laws of the state of California and has duly authorized, executed and delivered this Agreement and any and all other agreements and documents required to be executed and delivered by it in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement.

b. Developer does not have any material contingent obligations or any material contractual agreements that could materially adversely affect its ability to carry out its obligations hereunder;

c. Developer has not made any payment or contribution to any elected official, City official's campaign fund, or City employee, agent, or representative to influence City decisions associated with this Agreement, any Subsequent DDA, Ground Lease, or related document or instrument;

d. No actions suits or proceedings are pending, or to the best of Developer's knowledge, threatened before any governmental department, commission, board, bureau, agency or instrumentality to which it is or may be made a party or to the Property is or may

become subject which could materially adversely affect its ability to carry out its obligations hereunder, and which have not been fully disclosed in the material submitted to the City;

e. To the best of Developer's knowledge, there is no action or proceeding pending, or, threatened, looking toward its dissolution or liquidation, and there is no action, suit or proceeding pending, or to the best of Developer's knowledge, threatened by or against it which could affect the validity and enforceability of the terms of this Agreement or materially and adversely affect its ability to carry out its obligations hereunder. It further warrants there has been no bankruptcy of Developer or any entity controlled by Developer or any project on which it has served as a general partner, managing general partner, sole or co-developer in the last five (5) years preceding the Effective Date of this Agreement and that no bankruptcy action or other arrangement, reorganization or insolvency action of it or any of its affiliates is pending. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) through (e) inclusive.

8. PROCESSING OF REQUESTS AND APPLICATIONS; OTHER GOVERNMENT PERMITS.

8.1 Processing. Developer, in a timely manner coordinating with Developer's financing of the Project, will provide City with all documents, applications, plans and other information necessary for City to process Developer's Applications and carry out its obligations hereunder and will cause Developer's planners, engineers and all other consultants to submit in a timely manner all required materials and documents therefor. It is the express intent of this Agreement that the Developer will diligently work to obtain all site plan, grading, building or other approvals for development of the Project in accordance with the Development Approvals. Notwithstanding the foregoing, nothing contained herein shall be construed to require City to process Developer's Applications ahead of other projects in process and City's obligations under this Agreement shall be subject to City's workload and staffing at any given time.

8.2 Other Governmental Permits. Developer shall apply in a timely manner for such other permits and approvals as may be required from other governmental or quasi-governmental agencies having jurisdiction over the Project and as may be required for the development of, or provision of services to, the Project. City shall cooperate with Developer in its efforts to obtain such permits and approvals.

8.3 Public Agency Coordination. City and Developer shall cooperate and use reasonable efforts in coordinating the implementation of the Development Plan with other public agencies, if any, having jurisdiction over the Property or the Project.

8.4 Reservations. The City cannot legally pre-commit its discretion in acting upon required discretionary permit applications for development of the Property, including necessary environmental review. The approval of this Agreement by the City shall not bind the City Council and or the Community Development Commission, any other commission, committee, board or decision-maker of the City, or the City, regarding any of the discretionary permits for the development of the Property. By approving this Agreement the City has not foreclosed any mitigation measures or alternatives, including the alternative of ultimately disapproving the Project.

8.5 Non Statutory Development Agreement. The Parties acknowledge and agree that this Agreement is not a statutory development agreement pursuant to Government Code

Sections 65864 et seq. The approval of this Agreement is not a legislative act, does not require adoption of an ordinance, and does not result in the vesting of entitlements.

9. AMENDMENT OF AGREEMENT.

9.1 Initiation of Amendment. Either Party may propose an amendment to this Agreement.

9.2 Procedure. Except as set forth in Section 9.4 below, the procedure for proposing and adopting an amendment to this Agreement shall be the same as the procedure required for entering into this Agreement in the first instance.

9.3 Consent. Except as otherwise expressly provided in this Agreement, no amendment to all or any provision of this Agreement shall be effective unless set forth in writing, approved by the City, if required, and signed by the duly authorized representatives of each of the Parties to this Agreement and recorded in the Official Records of San Diego County.

9.4 Minor Modifications.

a. Implementation of the Project may require minor modifications of the details of the Development Plan, the Schedule of Performance, Project Budget (as defined in Section 10), and performance of the Parties under this Agreement. The Parties desire to retain a certain degree of flexibility with respect to those items covered in general terms under this Agreement. Therefore, non-substantive and procedural modifications of the Development Plan, or modifications to the Schedule of Performance or Project Budget shall not require modification of this Agreement, but must be approved in writing by the Parties hereto.

b. A modification of the Development Plan will be deemed non-substantive and/or procedural if it does not result in a change in density, intensity of use, permitted uses, number of apartment units, the maximum height and size of buildings, the elevators of the buildings, the reservation or dedication of land for public purposes, or the improvement and construction standards and specifications for the Project.

c. A modification of the Schedule of Performance will be deemed non-substantive and/or procedural if it does not result in a material change in the date of completion of construction of the Project. A modification to conform the Schedule of Performance to the schedule of construction loan disbursement approved by Developer's lender will be deemed non-substantial.

10. FINANCING. The acquisition and development costs shall be financed with the following combination of sources of financing: Tax Credit equity, MHP, construction financing, permanent financing, deferred developer fee, and the City Loan. These intended sources, as well as other gap financing sources procured and not specifically identified herein are collectively referred to as the "Project Funding." Developer shall use best efforts to procure the above referenced Project Funding. For purposes of this Section, "best efforts" means Developer has submitted an Application for each of the sources of Project Funding by each of the deadlines required by (i) those respective sources of financing and (ii) the Schedule of Performance (Exhibit "B"), and has used diligent efforts to submit applications that are complete and responsive. A copy of the Project Budget detailing the acquisition and development costs and sources of financing is set forth on **Exhibit "F"** attached hereto.

11. DEFAULT, REMEDIES AND TERMINATION.

11.1 Rights of Non-Defaulting Party after Default. The Parties acknowledge that both Parties shall have all legal and equitable remedies as provided by law following the occurrence of a default. Except in cases of automatic termination as provided in Section 2.3 of this Agreement, before this Agreement may be terminated or action may be taken to obtain judicial relief, the Party seeking relief ("**Nondefaulting Party**") shall comply with the provisions of Section 11.2.

11.2 Notice and Opportunity to Cure. A Nondefaulting Party may declare a default under this Agreement only in accordance with the procedures hereinafter set forth for any failure or breach of the other party ("**Defaulting Party**") to perform any responsibility or obligation to be performed by said Defaulting Party under the terms of this Agreement. However, the Non-Defaulting Party must provide written notice ("**Default Notice**") to the Defaulting Party setting forth the nature of the breach or failure and the actions required by Defaulting Party to cure such breach or failure. The Defaulting Party shall be deemed in "**default**" under this Agreement, if the Defaulting Party has failed to take such actions and cure such default within thirty (30) days after the date of the Default Notice (or such lesser time as may be specifically provided in this Agreement). However, if such default cannot be cured within such thirty (30) day period, and, as long as the Defaulting Party does each of the following

- a. Notifies the Non-Defaulting Party in writing of the reasons the default is not curable within the thirty (30) day period;
- b. Notifies the Non-Defaulting Party in writing of the Defaulting Party's proposed course of action to cure the default;
- c. Promptly commences to cure the default within the initial thirty (30) day period;
- d. Makes weekly written reports (reports by e-mail are acceptable) to the Non-Defaulting Party as to the progress of the program of cure; and
- e. Diligently prosecutes such cure to completion;

the Defaulting Party shall not be deemed in default of this Agreement. Notwithstanding the foregoing, the Defaulting Party shall be deemed in default under this Agreement if said breach or failure involves the payment of money and the Defaulting Party has failed to completely cure said monetary default within thirty (30) days (or such lesser time as may be specifically provided in this Agreement) after the date of the Default Notice, in which event, upon Notice of an election by the Non-Defaulting Party, this Agreement may be terminated. In addition, as provided under Section 3.6, Developer may elect to terminate and give written Notice of an election to terminate if Title Company refuses to issue the Leasehold Title Policy or an ALTA form of coverage.

City hereby agrees that any cure of any default that is made or tendered by the investor limited partner of the Developer shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

11.3 Judicial Reference. Any and all disputes, claims and controversies arising out of this Agreement or the transactions contemplated thereby shall be heard by a referee and

resolved by judicial reference pursuant to California Code of Civil Procedure Sections 638 et seq. The referee shall be a retired California state court judge with experience in relevant real estate matters. The Parties shall not seek to appoint a referee that may be disqualified pursuant to California Code of Civil Procedure Section 641 or 641.2 without the prior written consent of all Parties. If the Parties are unable to agree upon a referee within ten (10) calendar days after one Party serves a written notice of intent for judicial reference upon the other Party or Parties, then the referee will be selected by the court in accordance with California Code of Civil Procedure Section 640(b). The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court, and California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

11.4 Waiver of Breach. By Commencing improvements which constitute Development (as defined in Section 1.11) of the Project, Developer shall be deemed to have waived any claim that any condition to the Development Approvals theretofore issued is unlawful or improper.

12. RESTRICTION ON TRANSFER. Developer may not at any time prior to the issuance of a Certificate of Completion for the Project assign or transfer this Agreement, the Project or the Leasehold without the prior written consent of the City, which consent may be withheld, in the reasonable discretion of the City. Should the City consent to such an assignment or transfer and as a condition precedent to such transfer, the transferee must execute an Assignment and Assumption Agreement in a form mutually agreed upon by the parties, assuming all of Developer's rights, responsibilities and obligations under this Agreement.

12.1. Permitted Assignments and Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment or transfer of this Agreement, the Project or the Leasehold or any part thereof shall not be required in connection with any of the following (the "**Permitted Transfers**"):

- a. The admission of additional general partners to the Developer.
- b. A conveyance of a security interest in the Property in connection with any loan and any transfer of title by foreclosure, deed or other conveyance in lieu of foreclosure in connection therewith.
- c. The admission of limited partners and any concurrent or subsequent transfer of limited partnership interests in the Developer in connection with the syndication of Tax Credit equity.
- d. The removal and replacement of a general partner of Developer pursuant to the terms of the Developer's partnership agreement.
- e. Transfer of the Project to a general partner of the Developer at the end of the fifteen year Tax Credit compliance period.
- f. Developer's refinancing of its construction loan for the Project or conversion of the same to permanent financing.

13. INDEMNITY.

13.1 Third Party Litigation.

a. Non-liability of City. City shall have no liability under this Agreement for any failure of City to perform under this Agreement or the inability of Developer to develop the Property as contemplated by the Development Plan or this Agreement as the result of a statutory enactment or final judicial determination that on the Effective Date, or at any time thereafter, the Land Use Regulations, the Development Approvals, this Agreement, or portions thereof, or any other law, ordinance, rule or regulation, were invalid or inadequate or not in compliance with law.

13.2 Hold Harmless; Developer's Construction and Other Activities. Developer agrees to, and shall defend, indemnify and hold harmless City and their respective elected and appointed officials, boards, commissions, officers, agents, and employees harmless from any and all actions, suits, claims, liability, losses, damages, penalties, obligations, and expense (including, without limitation, attorneys' fees) in any way related with development of the Property and construction and installation of the Project, including, without limitation, personal injury or death, or property damage which may arise, directly or indirectly, from Developer's or Developer's agents, contractors, subcontractors, agents, or employees' operations under the Development Plan, whether such operations be by Developer or by any of Developer's employees, agents, contractors or subcontractors or by any one or more persons directly or indirectly employed by or acting as agent, contractor or subcontractor or materialman for Developer. Nothing herein is intended to make Developer liable for the negligence or willful misconduct of City's officers, employees, agents, contractors or subcontractors.

13.3 Survival of Indemnity Obligations. All indemnity obligations hereunder shall survive termination of this Agreement.

14. EFFECT OF AGREEMENT ON TITLE.

14.1 Covenants Run with the Land. Subject to the provisions of Section 12 of this Agreement:

a. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and their respective successors and assigns, representatives, lessees, and all other persons acquiring any rights or interests in the Property, or any portion thereof, shall inure to the benefit of the Parties and their respective successors and assigns;

b. All of the provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land; and

c. Each covenant to do or refrain from doing some act on the Property (i) is for the benefit of and is a burden upon every portion of the Property, (ii) runs with such land, and (iii) is binding upon Developer and each successive lessee of the Property or any portion thereof, and each person having any interest therein derived in any manner through any owner of the Property, or any portion thereof.

15. CITY OFFICERS AND EMPLOYEES; NON-DISCRIMINATION.

15.1 Non-liability of City Officers and Employees. No elected or appointed officials, boards, commissions, officers, agents or employees of the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City of the terms of this Agreement.

15.2 Conflict of Interest. No official, officer or employee of City shall have any financial interest, direct or indirect, in this Agreement nor Developer nor shall any such official, officer or employee participate in any decision relating to this Agreement which affects the financial interest of any corporation, partnership or association in which he/she is, directly or indirectly, interested, in violation of any state statute or regulation.

15.3 Non-Discrimination. Developer covenants that, by and for itself, its successors and assignees, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Developer shall take affirmative action to ensure that employees are treated during employment without regard to their race, color, creed religion, sex, marital status, national origin or ancestry.

16. MORTGAGEE PROTECTION.

16.1 Encumbrances Restrictions. Notwithstanding the restrictions on transfer in Section 12 of this Agreement, title to the Property may not be encumbered except as follows: (i) mortgages required for any reasonable method of financing of the construction of the Improvements on the Property in accordance with the provisions of this Agreement; (ii) mortgages required for expenditures necessary and appropriate to develop the Project in accordance with the provisions of this Agreement, or for restructuring or refinancing any of same; and (iii) easements necessary for the development or operation of the Project. Developer (or any entity permitted under this Agreement to acquire title to the Property) shall notify City in advance of any Mortgage.

16.2 Developer's Breach Not Defeat Mortgage Lien. Developer's breach of any of the covenants or restrictions contained in this Agreement shall not defeat or render void the lien of any Mortgage made in good faith and for value but as a condition precedent to receiving any rights under this Agreement, the Mortgagee or successor ("**New Developer**") who acquires an interest in the Property by foreclosure, trustee's sale or otherwise, must execute an Assumption Agreement in a form mutually agreed upon by the parties whereby the New Developer agrees that all of the terms, conditions, covenants and restrictions of this Agreement shall be binding and effective against the New Developer. The New Developer shall execute such assumption agreement within ten (10) days after acquiring title to the Property. If a New Developer fails to execute the Assumption Agreement within said ten (10) day time period, then at the end of such ten (10) day period, City shall have the right to terminate this Agreement by delivery of written notice to the New Developer, and this Agreement shall terminate on the date specified in such notice.

17. COMPLIANCE WITH ENVIRONMENTAL REGULATIONS. Developer represents, warrants, and covenants to City that Developer shall not at any time use or permit the Property to be used in violation of any and all laws, rules and regulations which relate to or govern hazardous materials and/or the environmental conditions in, on, under or about the Property, including, without limitation, air quality, soil and surface and subsurface water conditions (individually and collectively, "**Environmental Regulations**"). Developer assumes sole and full responsibility for, and shall remedy at its sole cost and expense, all such violations respecting the Property. Developer shall not at any time use, generate, release, store, treat, dispose of, or otherwise deposit, in, on, under or about the Property, any hazardous or toxic substances, wastes or related materials ("**Hazardous Materials**") or permit or allow any third party, including, without limitation, Developer's employees, agents, contractors, subcontractors and materialman to do so without compliance, at Developer's sole cost and expense, with all Environmental Regulations. For the purposes of this Section 17, Hazardous Materials shall include, without limitation, asbestos, asbestos-containing matter, and the group or organic compounds known as polychlorinated biphenyls, as well as substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq; ("**CERCLA**"); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1802; the Resource Conservation Recovery Act of 1976, 42 U.S.C. Section 6901 et seq; ("**RCRA**"); those substances identified in regulations, orders, and publications adopted pursuant to California Health and Safety Code 25249.8, as "Chemicals Known to Cause Cancer or Reproductive Toxicity"; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code and in the regulations adopted and publications promulgated pursuant thereto and any Regulation which now exists or which may be enacted or become effective after the Effective Date; all as the foregoing may be amended or recodified from time to time. It shall be a material default by Developer under this Agreement, entitling City to exercise any of its rights and remedies under Section 11 of this Agreement, if any provision of this Section 17 is not strictly complied with at all times.

Developer shall indemnify, defend and hold harmless City and City and their respective elected and appointed officials, boards, commissions, officers, agents and employees from and against any and all actions, suits, claims, liabilities, losses, damages, penalties, forfeitures, or expenses (including attorneys' fees) arising from or caused in whole or in part, directly or indirectly, by (A) the discharge in or from the Property of any Hazardous Materials or the use, analysis, storage, transportation, disposal release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Property by Developer or any employee, agent, contractor, subcontractor or materialman, or (B) the failure to comply with any Environmental Regulations by Developer, or any employee, agent, contractor, subcontractor or materialman. Developer's obligations hereunder shall include, without limitation, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Property and the preparation and implementation of any closure, remedial action or the required plans in connection therewith, and shall survive the expiration or earlier termination of the term of the Agreement or any extension thereof.

18. GENERAL.

18.1 Force Majeure. The time within which Developer or City shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number

of days during which performance of such act is delayed due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, natural disasters, Acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, archaeological finds, initiative or referendum, moratoria, or unusually severe weather, or any other similar causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any such cause shall commence to run from the time of the commencement of the cause. Any act or failure to act on the part of a Party shall not excuse performance by that Party.

18.2 Construction of Development Agreement. The language of this Agreement shall be construed as a whole and given its fair meaning. The captions of the sections and subsections are for convenience only and shall not influence construction. This Agreement shall be governed by the laws of the State of California. This Agreement is not intended to constitute, or be construed to constitute, an impermissible attempt to contract away the legislative and governmental functions of the City, and in particular, City's powers. This Agreement shall not, be deemed to constitute the surrender or abrogation of City's governmental powers over the Property.

18.3 Attorney's Fees. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other reasonable relief to which it may be entitled. With respect to any suit, action or proceeding arising out of or related to this Agreement, or the documentation related hereto, the Parties hereby submit to the jurisdiction and venue, in the County of San Diego, State of California for any proceeding arising hereunder.

18.4 Time of Essence. Time is of the essence in the performance of all the provisions of this Agreement.

18.5 Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Agreement.

18.6 No Third Party Beneficiaries. The only parties to this Agreement are Developer and City. There are no third party beneficiaries and except as otherwise identified in this Agreement, including, without limitations, the provisions of Section 12 of this Agreement as they relate to the City, this Agreement is not intended, and shall not be construed to benefit or be enforceable by any other person or entity.

18.7 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the Party benefited thereby of the covenants to be performed hereunder by such benefited Party.

18.8 Authority to Execute. Developer and the persons executing this Agreement on behalf of Developer warrant that (i) Developer is a corporation duly organized, existing and in good standing in the State of California, (ii) such persons are duly authorized to execute and deliver this Agreement on behalf of Developer, (iii) by so executing this Agreement, Developer is bound by all the provisions of this Agreement, (iv) the entering into of this Agreement does not violate any provision of any other Agreement to which Developer is bound and (v) there is no litigation or legal proceeding which would prevent Developer from entering into this Agreement and performing its obligations and responsibilities under this Agreement.

18.9 Notice.

a. To Developer. Any notice required or permitted to be given by City to Developer under this Development Agreement shall be in writing and delivered personally to Developer or mailed with postage fully prepaid, registered or certified mail, return receipt requested, addressed as follows:

SFC WEITZEL, L.P.
c/o Solutions for Change, Inc.
722 West California Ave
Vista, CA 92083
Attn: Michael C. Megison

With a copy to
Developer's consultant:

Chelsea Investment Corporation
5993 Avenida Encinas, Suite 101
Carlsbad, CA 92008
Attn: Matt Grosz

or such other address as Developer may designate in writing to City. Copies of all notices delivered by the City to the Developer after the close of escrow shall be delivered to the Developer's investor limited partner at a notice address to be provided to the City in writing

(b) To City. Any notice required or permitted to be given by Developer to City under this Development Agreement shall be in writing and delivered personally to City Clerk or mailed with postage fully prepaid, registered or certified mail, return receipt requested, addressed as follows:

The City Of Oceanside
Oceanside Civic Center
300 North Coast Highway
Oceanside, CA 92054
Attn: Neighborhood Services Director, Margery Pierce

or such other address as City may designate in writing to Developer.

Notices provided pursuant to this Section shall be deemed received at the date of delivery as shown on the affidavit of personal service or the Postal Service receipt.

18.10 Further Actions and Instruments. Each of the Parties shall cooperate with and provide reasonable assistance to the other to the extent necessary to implement this Agreement. Upon the request of either Party at any time, the other Party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary to implement this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

18.11 Recitals. The recitals in this Agreement constitute part of this Agreement and each Party shall be entitled to rely on the truth and accuracy of each recital as an inducement to enter into this Agreement.

18.12 Recording. City's Clerk shall cause a copy of this Agreement to be recorded in the Official Records of San Diego County no later than ten (10) days after the Effective Date. The recordation of this Agreement is deemed a ministerial act and the failure of City to record the Agreement as required by this Section and the Development Agreement Statute does not make the Agreement void or ineffective.

18.13 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement, and this Agreement supersedes all previous negotiations, discussions, and agreements between the Parties. Any amendment or modification to this Agreement must be in writing and executed by the Parties.

18.14 Exhibits. The following-listed exhibits are attached hereto and incorporated therein.

<u>Exhibit "A"</u>	Property Description
<u>Exhibit "B"</u>	Schedule of Performance
<u>Exhibit "C"</u>	Memorandum of Ground Lease
<u>Exhibit "D"</u>	Form of Predevelopment Note
<u>Exhibit "E"</u>	Precise Grading Plan
<u>Exhibit "F"</u>	Project Budget

IN WITNESS WHEREOF, City and Developer have executed this Agreement on the date first above written.

City:

CITY OF OCEANSIDE

By: _____

ATTEST:

City Clerk

APPROVED AS TO FORM

By: John P. Mullen John Mull
City Attorney

Developer:

SFC WEITZEL, L.P., a California limited partnership

By: Solutions Weitzel, LLC, a California limited liability company, its General Partner

By: Solutions for Change Inc., a California nonprofit public benefit corporation, its sole Member

By: 
Michael C. Megison, its President

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA }
 } ss
COUNTY OF SAN DIEGO }

On May 27, 2015, before me, Callie Harrison Kasso notary public
a Notary Public, personally appeared

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

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

WITNESS my hand and official seal.

Signature  (Seal)

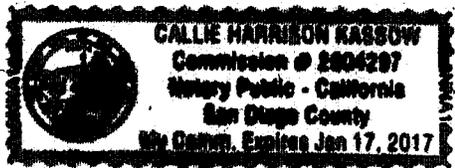


EXHIBIT "A"

PROPERTY DESCRIPTION

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

That portion of Weitzel Street along with that portion of Acre Lot 5 of Annex to Mc Neil's Addition, in the City of Oceanside, County of San Diego, State of California, according to Amended Map thereof No. 164, filed in the County Recorder's Office July 29, 1887 described as follows:

Beginning at the most easterly corner of Lot 6 in Block 91 of said Annex to Mc Neil's Addition per map No. 164; thence along the Northwesterly line of Fourth Street as shown on said Map No. 164 North 54°45'00" East (record North 54°45' East) 207.88 feet to the Southeasterly line of that parcel of land described as Parcel 1 in that deed to Maurice Zekaria, et.al, recorded October 19, 1987 as Document No. 87-586806 of Official Records of San Diego County; thence along the boundary of those parcels described as Parcels 1 and 2 of said Document No. 87-586806 the following courses:

North 26°59'45" East (record North 27°36'44" East) 24.64 feet; thence North 60°30'53" West (record North 59°53'54" West) 164.24 feet to the most Easterly corner of that parcel described as Parcel 1 in that deed to Zekaria Development recorded June 24, 1988 as Document No. 88-305421 of Official Records of San Diego County; thence along the Northeasterly line of those Parcels described as Parcels 1 and 2 in said Document No. 88-305421 the following courses: North 60°30'53" West (record North 59°53'54" West) 65.98 feet; thence North 63°00'15" West (record North 62°23'16" West) 144.60 feet; thence North 50°03'12" West (record North 49°26'13" West) 16.01 feet more or less to the Southwesterly line of said Acre Lot 5 of Map No. 164; thence along said Southwesterly line South 35°15'00" East (record South 35°15' East) 203.11 feet to a line which is parallel with and 160.00 feet Northwesterly of, measured at right angles to, the Northwesterly line of Fourth Street as said street is shown on said Map No. 164; thence along said parallel line South 54°45'00" West (record South 54°45' West) 60.00 feet to the Southwesterly line of Weitzel Street as shown on said Map No. 164; thence along said Southwesterly line South 35°15'00" East 160.00 feet (record South 35°15' East 200.00 feet) to the Point of Beginning.

Containing 0.950 acres more or less

APN: 147-230-58

Exhibit "A"
Site Map
APN 147-230-58
Premises

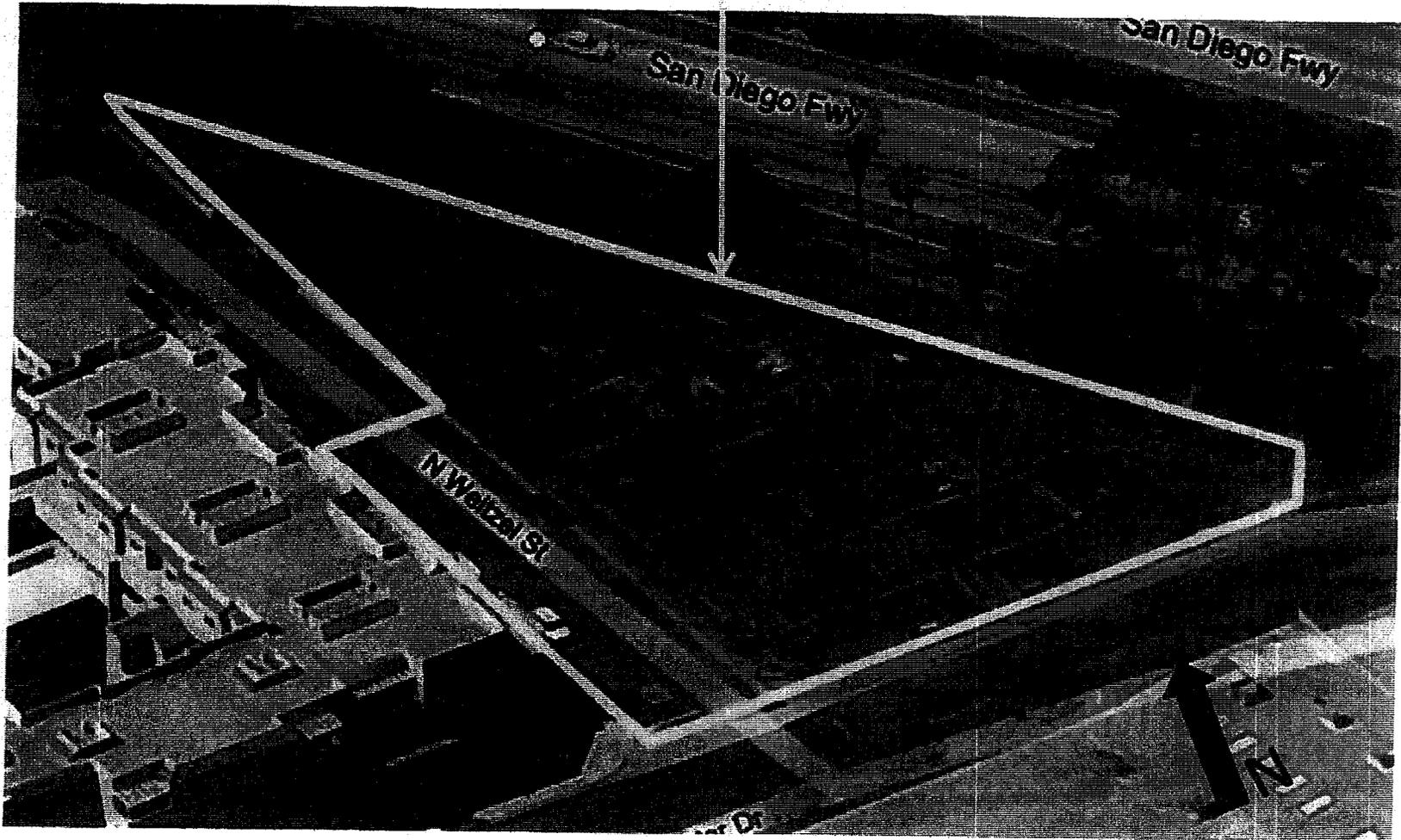


EXHIBIT "B"

SCHEDULE OF PERFORMANCE

Schedule of Performance

Offsite Improvements

Commencement of Construction on Nelms St Garden within 60 days of execution of DDA

Completion of Construction on Nelms St Garden within 120 days after commencement of construction

Entitlements

Submission of Conditional Use Permit and Site Development Permit Applications within 180 days of execution of DDA

Financing

Submission of first application for Tax Credits first round 2016 (contingent upon receiving all discretionary project approvals prior to submission deadline)

Resubmissions if not awarded in subsequent application rounds through June 30, 2019

Construction

Close of escrow for the leasehold of the Property not later than 180 days following receipt of Tax Credit Allocation

Commencement of Construction not later than 30 days following the close of escrow for the leasehold of the property

Completion of construction not later than 18 months following commencement of construction

EXHIBIT "C"

MEMORANDUM OF GROUND LEASE

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103.

Recording Requested by and
When Recorded Mail to:

CITY OF OCEANSIDE
Oceanside Civic Center
300 North Coast Highway
Oceanside, CA 92054
Attn: Neighborhood Services Director, Margery Pierce

MEMORANDUM OF LEASE

1. Parties. This Memorandum of Lease is entered into by and between the CITY OF OCEANSIDE, a chartered municipal corporation ("Landlord"), and SFC WEITZEL, L.P., a California limited partnership ("Tenant") with respect to that certain Ground Lease between Landlord and Tenant dated _____, 201__ ("Ground Lease").

2. Grant of Lease: Term. For good and valuable consideration received, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property (the "Property") located in the County of San Diego, State of California, described in Exhibit A attached hereto and incorporated herein by this reference, for a term ("Term") commencing on the Commencement Date and ending on the _____ (__th) anniversary of the Commencement Date. All of the terms, provisions and covenants of the Lease are incorporated in this Memorandum of Lease by reference as though written out at length herein, and the Lease and this Memorandum of Lease shall be deemed to constitute a single instrument or document.

3. Purpose of Memorandum of Lease. This Memorandum of Lease is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of Lease and the Lease, the terms, conditions and covenants of the Lease shall prevail.

The parties hereto have executed this Memorandum of Lease on the dates specified immediately below their respective signatures.

“Landlord”
CITY OF OCEANSIDE

Dated: _____ By: _____

Its: _____

APPROVED AS TO FORM

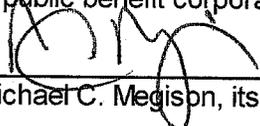
By: _____
City Attorney

[signatures continued on next page]

"Tenant"
SFC WEITZEL, L.P., a California
limited partnership

By: Solutions Weitzel, LLC, a California
liability company, its General Partner

By: Solutions for Change Inc., a California
nonprofit public benefit corporation, its sole Member

By: 

Michael C. Megison, its President

EXHIBIT "D"

FORM OF PREDEVELOPMENT NOTE

PREDEVELOPMENT NOTE

_____, 201____
San Diego, California

1. PARTIES

"Borrower" means SFC WEITZEL, L.P., a limited partnership, authorized to do business in the State of California. "Lender" means THE CITY OF OCEANSIDE, and its successors and assigns.

2. THE LOAN

Lender and Borrower entered into that certain Disposition and Development Agreement for Weitzel Street Apartments dated as of _____ (the "Development Agreement"), whereby Borrower agreed to acquire and develop certain real property located within the City as affordable multifamily housing (the "Project"), and Lender agreed to provide financial assistance in connection therewith. This Note evidences the loan of City CHDO Funds for the payment of Eligible Soft Costs, and the payment of Borrower's costs in connection with the Garden Work (the "Predevelopment Loan"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Development Agreement.

3. BORROWER'S PROMISE TO PAY

In consideration of the making of the Loan, Borrower promises to pay the sum of THREE HUNDRED TWENTY-SIX THOUSAND DOLLARS (\$326,000.00) (or the unpaid balance of all principal advanced against this Note, if that amount is less), with interest, to the order of the Lender.

4. INTEREST

Simple interest shall accrue at a rate of three percent (3%) per annum.

5. MANNER OF PAYMENT

The Borrower agrees to pay the entire unpaid principal amount advanced hereunder, together with all accrued but unpaid interest thereon, upon the earlier to occur of the Closing, and December 31, 2018 (or such later termination of the Development Agreement if such date is extended). Satisfaction of this Note shall be made by the addition of all amounts owing under this Note for Eligible Soft Costs and Garden Work to the principal amount of the City Loan and such sums shall be included in the City Note in accordance with the terms of Section 4.1 of the Development Agreement. In the event that the Development Agreement is terminated or Closing does not occur for any reason other than a Developer Default, Lender shall cancel or otherwise forgive and release the obligation to repay the amounts advanced under this Note. There shall be no loan forgiveness hereunder after the Closing. Upon such termination, Developer shall

assign and deliver to City, without warranty, all plans, approvals, applications, documents, instruments and work product developed or generated by or on behalf of Developer with respect to the Project (collectively the "**Work Product**"). Work Product shall not include attorney/client privileged communications, internal feasibility studies, financial models, or analyses or other proprietary information of Developer.

6. PROMISE TO PAY SECURED BY SUBORDINATED DEBT.

Upon the acquisition of the Property by the Borrower, the Borrower's obligation to repay the Loan shall be secured by a deed of trust recorded against the Property (the "**Security Agreement**"), and the Security Agreement shall be junior to all monetary obligations and all liens recorded against the Property in connection with the Project financing.

7. BORROWER'S RIGHT TO PREPAY

Borrower has the right to make full or partial payments of principal at any time before the Maturity Date without paying any prepayment charge.

Lender will use all prepayments to reduce the amount of principal that is owed under this Note. If Borrower makes a partial prepayment, there will be no changes in the Maturity Date unless the Lender agrees in writing to those changes.

8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the following address: _____

Any notice that must be given to the Lender under this Note will be given by mailing it by first class mail to _____ or a different address if Borrower is given a notice of that different address.

9. OBLIGATIONS OF BORROWER UNDER THIS NOTE

The Borrower is fully obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note.

10. NONRECOURSE

The obligations set forth herein are nonrecourse obligations of Borrower, its officers, employees, partners or agents. Neither Borrower nor any other party shall have any personal liability for repayment of the loan.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

SFC WEITZEL, L.P., a California limited partnership

By: Solutions Weitzel, LLC, a California limited liability company, its General Partner

By: Solutions for Change Inc., a California nonprofit public benefit corporation, its sole Member

By: _____
Michael C. Megison, its President

EXHIBIT "E"

PRECISE GRADING PLAN

EXHIBIT "F"

PROJECT BUDGET

Weitzel Street Apartments

Development Costs

Acquisition

Hard Costs

Offsites	
Sitework	1,131,500
Parking	2,132,232
Vertical	4,505,790
GC's	1,087,747
Contingency	442,868

Subtotal Hard Costs 9,300,137

Soft Costs 4,422,552

Total Development Costs 13,722,689

Sources

Federal LIHTC Equity	6,777,441
State LIHTC Equity	1,905,495
GP Equity/Deferred Development Fees	288,403
Other: City Loan	1,226,608
AHP	310,000
MHP	3,214,742
Total Development Sources	13,722,689

GRADING PLAN DESIGN NOTES:

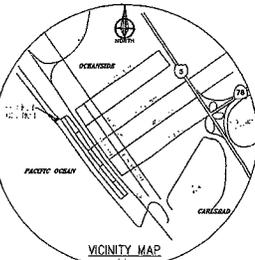
1. ALL GRADING AND DRAINAGE IMPROVEMENTS SHALL BE COMPLETED IN ACCORDANCE WITH THE CITY'S CURRENT GRADING ORDINANCE, THE STANDARD SPECIFICATIONS FOR PUBLIC WORKS/CONSTRUCTION WITH SUPPLEMENTALS (L.A.M. SPECIFICATIONS) AND THE SAN DIEGO AREA REGIONAL STANDARD DRAWINGS, AS AMENDED BY THE CITY SUPPLEMENTS, AND THE EARTHWORK SPECIFICATIONS ATTACHED TO THE "PRELIMINARY SOILS REPORTS".
2. THE DEVELOPER SHALL BE RESPONSIBLE FOR LANDSCAPING, FOR SLOPE STABILIZATION OF ALL EMBANKMENTS OVER 3 FEET IN HEIGHT, WITHIN 45 DAYS OF COMPLETION OF PRELIMINARY GRADING. PERMANENT IRRIGATION SYSTEMS SHALL BE INSTALLED FOR ALL EMBANKMENTS OVER 5 FEET IN HEIGHT (AND FOR ALL SLOPES ALONG MAIN STREETS). LANDSCAPING SPECIFICATIONS AND PLANS AS REQUESTED, SHALL BE APPROVED BY THE CITY ENGINEER PRIOR TO ISSUANCE OF THE GRADING PERMIT. THE DEVELOPER SHALL BE RESPONSIBLE FOR MAINTENANCE OF SLOPE STABILIZATION LANDSCAPING UNTIL RELEASE OF THE GRADING BOND OR UNTIL INDIVIDUAL LOTS (OR LARGO UNITS) CLOSE ESCROW, WHICHEVER OCCURS LATER.
3. ALL GRADING SHALL BE DONE UNDER THE OBSERVATION OF A QUALIFIED SOILS ENGINEER.
4. CUT AND FILL SLOPES SHALL BE TRIMMED TO THE FINISH GRADE TO PRODUCE A SMOOTH AND UNIFORM SURFACE OF CROSS SECTION. THE SLOPES OF EXCAVATIONS OR EMBANKMENTS SHALL BE SHAPED AND TRIMMED AS DIRECTED BY THE ENGINEER OF WORK AND AS APPROVED BY THE CITY ENGINEER. FINISH SLOPES SHALL BE LEFT IN A NEAT AND ORDERLY CONDITION. ALL STONES, ROOTS OR OTHER WASTE MATERIAL SHALL BE PROPERLY DISPOSED OFF SITE.
5. COMPACTION TESTS SHALL BE SUPPLIED FOR TRENCHES.
6. ALL EXISTING, ABANDONED PIPELINES SHALL BE REMOVED AND REPLACED WITH PROPERLY COMPACTED SOILS UNLESS SPECIFICALLY APPROVED BY THE CITY ENGINEER.
7. THE CONTRACTOR SHALL TAKE PRECAUTIONARY MEASURES TO PROTECT EXISTING UTILITIES.
8. WHETHER THE OWNER OR THE ENGINEER OF WORK WILL ENFORCE SAFETY MEASURES OR REGULATIONS, THE CONTRACTOR SHALL DESIGN, CONSTRUCT AND MAINTAIN ALL SAFETY DEVICES, INCLUDING SHORING, AND SHALL BE SOLELY RESPONSIBLE FOR COMPLYING TO ALL LOCAL, STATE, AND FEDERAL SAFETY AND HEALTH STANDARDS, LAWS AND REGULATIONS.
9. THE CONTRACTOR SHALL NOTIFY THE ENGINEER OF WORK AND PUBLIC WORKS INSPECTOR PRIOR TO PERFORMING ROCK-REMOVAL OPERATIONS.
10. APPROVAL OF THESE PLANS BY THE CITY ENGINEER DOES NOT AUTHORIZE ANY WORK OR GRADING TO BE PERFORMED UNTIL A VALID GRADING PERMIT HAS BEEN ISSUED, AND ALL AFFECTED PROPERTY OWNER'S PERMISSION HAS BEEN OBTAINED.
11. THESE PLANS ARE SUBJECT TO A SIGNED AND APPROVED SET OF IMPROVEMENT PLANS.
12. AN ENFORCEMENT PERMIT FROM THE CITY ENGINEER SHALL BE REQUIRED BY THE CONTRACTOR FOR ANY WORK WITHIN THE EXISTING CITY RIGHT OF WAY.
13. ALL ROCK-SLOPE PROTECTION SHALL BE RIP RAP UNLESS OTHERWISE APPROVED BY THE CITY ENGINEER.
14. ALL LOT PADS SHALL BE DESIGNED TO DRAIN TO AN ACCEPTABLE LOCATION AT A MINIMUM GRADIENT OF 1%.
15. ALL RETAINING WALLS SHALL HAVE A PERMIT FROM THE BUILDING DEPARTMENT PER THE UNIFORM BUILDING CODE.
16. MAXIMUM SLOPE RATIO SHALL BE 2:1.
17. A 12-INCH HIGH BY 4-FOOT WIDE BENCH (PER COMPACTION) SHALL BE CONSTRUCTED ALONG THE TOP OF THE SLOPE. NO RUNOFF SHALL FLOW OVER THE TOP OF THE SLOPE. DOWNDRAINS SHALL BE USED PER D-72.
18. FOR THIS PLAN TO BECOME EFFECTIVE, AN APPROVED MAIL ROUTE PLAN THAT HAS BEEN APPROVED BY THE CITY ENGINEER SHALL BE INCLUDED FOR MAILING OF MATERIAL ON A PUBLIC STREET.
19. LOT GRADING IS TO BE IN ACCORDANCE WITH CITY SUPPLEMENT DRAWING U-12 ("TYPICAL LOT GRADING").
20. ALL OPERATIONS CONDUCTED ON THE PREMISES, INCLUDING THE UNLOADING, UNREPAIR, REPAIR, REPAIR, OR REBUILDING OF TRUCKS, EARTHMOVING EQUIPMENT, CONSTRUCTION EQUIPMENT, AND ANY OTHER ASSOCIATED EQUIPMENT SHALL BE LIMITED TO THE PERIOD BETWEEN 7:00 A.M. AND 5:00 P.M., EACH DAY, MONDAY THROUGH FRIDAY, AND NO EARTHMOVING OR GRADING OPERATIONS SHALL BE CONDUCTED ON THE PREMISES ON SATURDAYS, SUNDAYS OR LEGAL HOLIDAYS, UNLESS WAIVED BY THE CITY ENGINEER.
21. ALL DISTURBED AREAS MUST BE REVEGETATED, SUBSTANTIALLY GERMINATED, AND ESTABLISHED WITHIN 45 DAYS OF COMPLETION OF GRADING AND PRIOR TO REQUESTING FINAL INSPECTION.
22. IMPORT MATERIAL SHALL BE OBTAINED FROM, AND WASTE MATERIAL SHALL BE DEPOSITED AT A SITE APPROVED BY THE CITY ENGINEER. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ANY DEBRIS OR DAMAGE OCCURRING ALONG THE HAUL ROUTES OR ADJACENT STREETS AS DIRECT RESULT OF THE OPERATION.

EARTHWORK QUANTITIES

ESTIMATED EARTHWORK QUANTITIES ARE AS FOLLOWS:

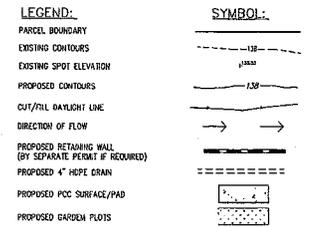
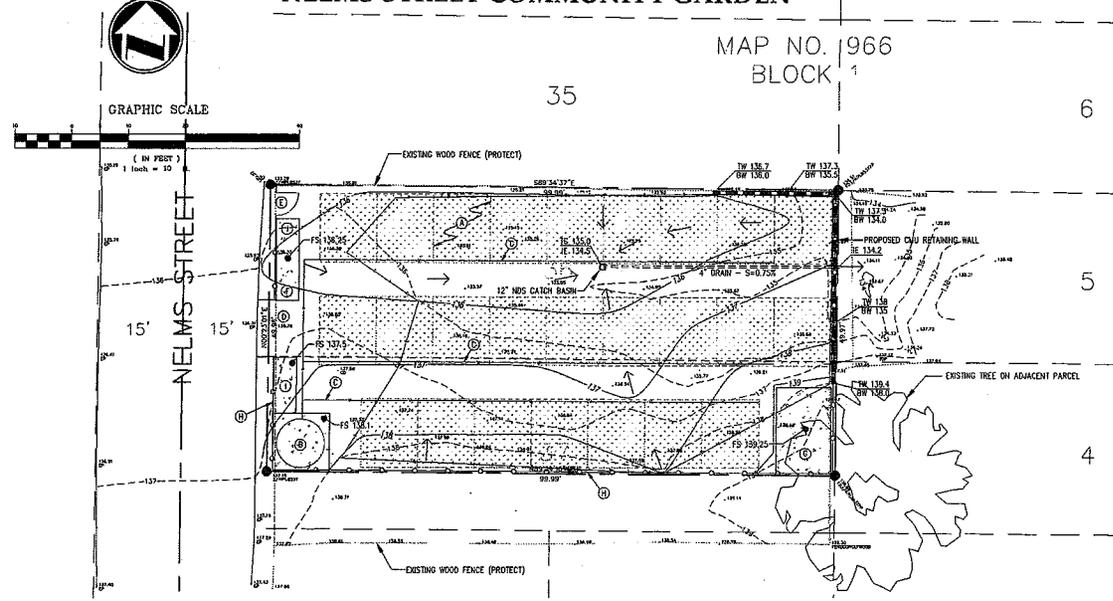
GENERAL	CUT	FILL	IMPORT	EXPORT
5 CY	15 CY	140 CY	135 CY	10 CY

EXPORT VOLUME IS ALLOWANCE FOR REMOVAL AND OFFSITE DISPOSAL OF CONSTRUCTION DEBRIS AND OTHER UNSUITABLE SOILS/DEBRIS FROM SITE. ESTIMATED EARTHWORK QUANTITIES REPRESENT IN-PLACE/BANK MEASURE VALUES AND DO NOT INCLUDE BULKING OR SHRINKAGE DUE TO EXCAVATION OR COMPACTION. FOR PERMIT PURPOSES ONLY AND NOT FOR FINAL PAY QUANTITIES.



**PRECISE GRADING PLAN
NELMS STREET COMMUNITY GARDEN**

MAP NO. 1966
BLOCK 1



LEGEND OF ABBREVIATIONS

TC	TOP OF CURB
CB	GRADE BREAK
EP	EDGE OF PAVEMENT
HP	HIP
LP	LOW POINT
FL	FLOW LINE
FS	FINISHED SURFACE
FG	UNFINISHED GROUND
TW	TOP OF WALL
BW	BOTTOM OF WALL
TC	TOP OF CURB
I	INVERT ELEVATION
G	TOP OF GRATE

OWNER:
CITY OF OCEANSIDE
300 NORTH COAST HIGHWAY
OCEANSIDE, CA 92054

DEVELOPER:
DIELSA INVESTMENT CORP
5933 AVENIDA ENCINAS, SUITE 101
CARLSBAD, CA 92008
760.455.6000

ASSESSOR'S PARCEL NUMBER:

APN 145-131-14-00

LEGAL DESCRIPTION:

LOT 35 AND NORTHERLY 20 FEET OF LOT 37, BLOCK (ONE) JUDSON'S SUBDIVISION OF BLOCK 51 OF BUTLER, GROVES AND OCEANVIEW'S ADDITION TO OCEANSIDE, IN THE CITY OF OCEANSIDE, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 966.

SOURCE OF TOPOGRAPHY:

TOPOGRAPHIC SURVEY PERFORMED AUGUST 14, 2014 BY MICHAEL C. SPIRO BASIS OF BEARINGS FOR THIS SURVEY IS THE EAST WALLS OF NELMS STREET AS SHOWN ON RECORD OF SURVEY NO. 20576 I.E. 1002301E

REFERENCE REPORTS AND PLANS:

- DRAINAGE REPORT:**
"FINAL HYDROLOGY & HYDRAULICS REPORT, PROPOSED 2-UNIT RESIDENTIAL CONDOMINIUM, 1513 SOUTH PACIFIC STREET, OCEANSIDE, CA", PREPARED BY TAYLOR GROUP, INC., PROJECT NO. G09.00540, NOVEMBER 4, 2013.
- STORM WATER MITIGATION PLAN:**
"STORM WATER MITIGATION PLAN, PROPOSED JOURNIGAN / BURGESS THRU HOME, 1513 S. PACIFIC STREET, OCEANSIDE, CA", PREPARED BY TAYLOR GROUP, INC., PROJECT NO. G09.00540, REVISED JANUARY 9, 2012.

FIRE NOTE:

NEAREST FIRE HYDRANT LOCATED 100' SOUTHWEST OF THE SOUTHERLY PROPERTY LINE AT THE NW CORNER OF LAUREL STREET AND NELMS STREET

DECLARATION OF ENGINEER OF WORK

I HEREBY DECLARE THAT THE DESIGN OF THE IMPROVEMENTS AS SHOWN ON THESE PLANS COMPLIES WITH PROFESSIONAL ENGINEERING STANDARDS AND PRACTICES, AS THE ENGINEER IN RESPONSIBLE CHARGE OF THE DESIGN OF THESE IMPROVEMENTS, I ASSUME FULL RESPONSIBLE CHARGE FOR SUCH DESIGN. I UNDERSTAND AND ACKNOWLEDGE THAT THE PLAN CHECK OF THESE PLANS BY THE CITY OF OCEANSIDE IS A REVIEW FOR THIS LIMITED PURPOSE OF ENSURING THE PLANS COMPLY WITH CITY PROCEDURES AND OTHER APPLICABLE POLICIES AND ORDINANCES. THE PLAN CHECK IS NOT A DETERMINATION OF THE TECHNICAL ADEQUACY OF THE DESIGN OF THE IMPROVEMENTS. SUCH PLAN CHECK DOES NOT, THEREFORE, RELIEVE ME OF MY RESPONSIBILITY FOR THE DESIGN OF THESE IMPROVEMENTS.

AS ENGINEER OF WORK, I AGREE TO INDEMNIFY AND SAVE THE CITY OF OCEANSIDE, ITS OFFICERS, AGENTS, AND EMPLOYEES HARMLESS FROM ANY AND ALL LIABILITY, CLAIMS, DAMAGES OR INJURIES TO ANY PERSON OR PROPERTY WHICH MIGHT ARISE FROM THE NEGLIGENCE, MISTAKES, ERRORS OR OMISSIONS OF THE ENGINEER OF WORK, MY EMPLOYEES, AGENTS OR CONSULTANTS.

CIVIL ENGINEER OF RECORD:
BY: LARRY R. TAYLOR, R.C.E. NO. 58274 DATE

AS-BUILT CIVIL ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT AS THE ENGINEER IN RESPONSIBLE CHARGE OF WORK FOR THIS PROJECT, I HAVE SUPERVISED THE ENGINEERING WORK AS SHOWN ON THESE PLANS TO DETERMINE GENERAL COMPLIANCE WITH PLANS AND SPECIFICATIONS, AND THAT THE COMPLETED CONSTRUCTION IS IN CONFORMANCE WITH THESE PLANS.

I ALSO CERTIFY THAT ALL DESIGN CHANGES MADE DURING CONSTRUCTION, ALL INFORMATION AS REQUIRED BY THE CITY OF OCEANSIDE GRADING ORDINANCE, AND ALL RECOMMENDATIONS FROM THE SOILS ENGINEERING AND ENGINEERING GEOLOGY REPORTS PREPARED FOR THIS PROJECT HAVE BEEN INCORPORATED IN THESE PLANS.

CIVIL ENGINEER OF RECORD:
BY: LARRY R. TAYLOR, R.C.E. 58274 DATE

GRADING PLAN DESIGN CERTIFICATES

1. ALL GRADING SHALL BE DONE UNDER THE OBSERVATION OF A QUALIFIED SOILS ENGINEER AND ENGINEERING GEOLOGIST AND IN ACCORDANCE WITH THE RECOMMENDATIONS AND SPECIFICATIONS SET FORTH IN THE APPROVED SOILS AND GEOLOGICAL REPORT PREPARED BY TAYLOR GROUP, INC. DATED DECEMBER 10, 2014.
2. THESE GRADING PLANS HAVE BEEN REVIEWED BY THE UNDERSIGNED AND ARE FOUND TO BE IN CONFORMANCE WITH THE RECOMMENDATIONS AND SPECIFICATIONS OUTLINED IN THE SOILS AND GEOLOGICAL REPORT PREPARED FOR THIS DEVELOPMENT.

GEO TECHNICAL ENGINEER OF RECORD:
BY: LARRY R. TAYLOR, G.E. NO. 2602 DATE

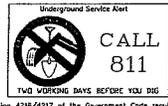
SOILS ENGINEER CERTIFICATION

WE HEREBY CERTIFY THAT WE HAVE PROVIDED PROFESSIONAL TESTING AND APPROVAL CONCERNING THE PREPARATION OF GROUND TO RECEIVE FILLS, TESTING FOR REQUIRED COMPACTION, STABILITY OF ALL FINISH SLOPES, DESIGN OF BUTTRESS FILLS WHERE REQUIRED, THE ADEQUACY OF THE NATURAL GROUND FOR RECEIVING FILL, THE STABILITY OF CUT SLOPES WITH RESPECT TO GEOLOGICAL MATTERS AND THE NEED FOR SUBDRAINS AND OTHER GROUNDWATER DRAINAGE DEVICES, AND THAT THESE GRADING PLANS ACCURATELY REFLECT ALL CONDITIONS AND CONSTRUCTION RECOMMENDATIONS PREPARED FOR THIS PROJECT AS:

GEO TECHNICAL ENGINEER OF RECORD:
BY: LARRY R. TAYLOR, G.E. NO. 2602 DATE

SOILS ENGINEER:

TAYLOR GROUP, INC.
501 WESSON AVENUE, STE. 201
OCEANSIDE, CA 92054
760.721.9990



Section 4216/4217 of the Government Code requires that a Digital Identification Number be issued before a permit to excavate will be sold. For your Digital ID Number, call 1-800-553-0000 two working days before you dig.

GEO TECHNICAL APPROVAL		APPROVED CHANGES		BENCHMARK	
NO.	DESCRIPTION	APPROVED	DATE	DESCRIPTION	FOUND
				FOUND 3/4" IRON PIPE STAMPED IS 8537	
				LOCATION:	
				RECORD FROM: BOS NO. 2652E	
				ELEV:	

PREPARED BY

tgi TAYLOR GROUP, INC.
GEOENGINEERING & ENGINEERING CONSULTANTS

301 Mission Avenue, Suite 201
Oceanside, CA 92054
Tel. 760.721.9990
Fax. 760.721.9991
www.VISITGIGI.com

ADP14-XXXXXX
SHEET 1 CITY OF OCEANSIDE ENGINEERING DEPARTMENT 2 SHEETS

PRECISE GRADING FOR:
JOURNIGAN-BURGESS RESIDENCES
1513 SOUTH PACIFIC STREET

APPROVED

SCOTT D. SMITH R.C.E. 58855 CITY ENGINEER
ENGINEER OF WORK: LARRY R. TAYLOR, R.C.E. 58274
Checked By: [Signature]
Approval Date: G14-00011