

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

TUESDAY, SEPTEMBER 20, 2022, 8:30 AM

Below is a link for the zoom

<https://us06web.zoom.us/j/87042829392>

HON. BRIAN PROBOLSKY

Chairman

HON. STEVE JONES

Vice Chairman

CHARLES BARFIELD

Board Member

STEVE FRANKS

Board Member

ANIL KUKREJA

Board Member

DEAN WEST, CPA

Board Member

HON. PHILLIP E. YARBROUGH

Board Member

Staff

Hon. Frank Davies, CPA, Auditor-Controller
Kathy Tavoularis
Chris Nguyen

Counsel

Patrick K. Bobko

Clerk of the Board

Kathy Tavoularis

The Orange Countywide Oversight Board welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, please complete a Speaker Form identifying the item(s) and deposit it in the Speaker Form Return box located next to the Clerk. If you wish to speak on a matter which does not appear on the agenda, you may do so during the Public Comment period at the close of the meeting. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda. Speaker Forms are located next to the Speaker Form Return box. When addressing the Board, please state your name for the record prior to providing your comments.

****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board 72 hours prior to the meeting at (714) 834-2458****

The Orange Countywide Oversight Board encourages the public to participate by submitting emails at kathy.tavoularis@ac.ocgov.com by 7:30 AM the day of the meeting, or calling (714) 834-2458 and leaving a message before 7:30 AM the day of the meeting, if you want to provide comments on agenda items or other subject matters within the Orange Countywide Oversight Board's jurisdiction. The Orange Countywide Oversight Board and Staff thank you in advance for taking all precautions to prevent spreading COVID-19. If you have any questions, please contact the Orange County Auditor-Controller's Office at (714) 834-2458.

All supporting documentation is available for public review online at <http://ocauditor.com/ob/> or in person in the office of the Auditor-Controller located at 1770 North Broadway, Santa Ana, California 92706 during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Friday

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

8:30 A.M.

DISCUSSION ITEMS:

1. Call to Order
2. Pledge of Allegiance
3. Adopt Resolution Concerning Teleconferenced Meetings During State of Emergency
4. Approval of the Minutes from July 19, 2022 Regular Meeting
5. Election of Board Officers
 - a. Chairman
 - b. Vice Chairman
6. Adoption of the 2023 Meeting Schedule
7. Adopt Resolution Regarding Request by the Cypress Successor Agency to Dissolve
8. Adopt Resolutions Regarding Requests by Successor Agencies for Amendments to FY 2022-23 Recognized Obligation Payment Schedule (ROPS)
 - a. Anaheim
 - b. Garden Grove
9. Adopt Resolution Regarding Request by the Santa Ana Successor Agency to proceed with disposition of properties located 915 N Flower St (APN 005-142-58), 921 N Flower St (APN 005-142-35), and 842 N Garnsey St (APN 005-142-47).
 - a. Santa Ana
10. Adopt a Resolution Approving the Sale and Transfer of Real Property located at 12311 Thackery Drive, Garden Grove and Taking Related Actions
11. Schedule a Special Meeting for October 19, 2022, or as Soon Thereafter as Possible for Discussion of Disposition of La Habra Successor Agency Asset (APN: 018-381-64).

COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

At this time members of the public may address the Board on any matter not on the agenda but within the jurisdiction of the Board. The Board may limit the length of time each individual may have to address the Board.

STAFF COMMENTS:

- Next Meeting: January 2023
- DOF Deadline for Annual ROPS – February 1, 2023

BOARD COMMENTS:

A G E N D A

CLOSED SESSION:

None.

ADJOURNMENT

NEXT MEETING:

Regular Meeting January 2023 – 8:30 AM

Orange Countywide Oversight Board

Date: 9/20/2022

Agenda Item No. 3

From: Staff to the Orange Countywide Oversight Board

Subject: Resolution of the Countywide Oversight Board Approving Teleconference Meetings During a Proclaimed State of Emergency

Recommended Action:

Approve resolution for continuing teleconference meetings during a proclaimed state of emergency.

On September 16, 2021, Governor Gavin Newsom signed Assembly Bill 361 (“AB 361”) into law, amending the Ralph M. Brown Act (Gov. Code, § 54950 et seq.) (the “Brown Act”). AB 361 codified certain modified requirements for teleconference meetings held by public agencies, similar to those previously authorized and extended by executive order during the COVID-19 State of Emergency.

AB 361 was introduced to provide a longer-term solution for teleconference meetings during states of emergency, effective until January 1, 2024. AB 361 amends Section 54953 of the Government Code to allow the legislative body of a local agency to meet remotely without complying with the normal teleconference rules for agenda posting, physical location access, or quorum rules. To do so, one of three scenarios must exist, all of which require that the Governor has proclaimed a State of Emergency pursuant to Government Code section 8625:

- A. State or local officials have imposed or recommended measures to promote social distancing;
- B. The agency is holding a meeting for the purpose of determining whether meeting in person would present imminent risks to the health or safety of attendees; or
- C. The agency is holding a meeting and has determined that meeting in person would present imminent risks to the health or safety of attendees.

(Gov. Code, § 54953(e)(1).)

An agency and any committee that is required to comply with the Brown Act, that holds a meeting under either of the three scenarios must continue to post its agenda in the time required by the Brown Act and ensure that the public is able to address the board directly through teleconference means. (Gov. Code, § 54953(e)(2)). If a disruption prevents the agency or committee from broadcasting the meeting or receiving public comments in real time, the agency or committee cannot take further action until those functions are restored; any actions taken during such a disruption are subject to legal challenge. (Gov. Code, § 54953(e)(2)).

Assuming the State of Emergency remains in effect, if the Countywide Oversight Board for the County of Orange (the “Oversight Board”) wishes to continue meeting under the modified rules, then the Oversight Board must adopt an initial resolution within 30 days of the first teleconference meeting, and then must adopt an extension resolution at least every 30 days thereafter. (Gov. Code, § 54953(e)(3)). The resolution must contain findings stating the Oversight Board reconsidered the circumstances of the State of Emergency and either: (1) the State of Emergency continues to directly impact the ability of the Oversight Board’s members to meet safely in person; or (2) State or local officials continue to impose or recommend measures to promote social distancing. (Gov. Code, § 54953(e)(3)).

Where consecutive regular meetings fall outside the 30-day time frame, the Oversight Board should hold a special “AB 361” remote meeting within the 30-day window simply to re-authorize the AB 361 exceptions.

Without the AB 361 exceptions, the Oversight Board will be required to return to normal in-person meetings or provide public access at each remote location under the traditional teleconference rules, as of October 1,

2021. Therefore, if the AB 361 authorization lapses and the Oversight Board wishes to hold a teleconference meeting, it will be required to post agendas and provide public access at each remote location, identify those locations in the agenda, and maintain a quorum of the board within agency boundaries. If a meeting is not held in conformity with AB 361, board members may not teleconference from their residences or other locations which are not open and accessible to the public.

The Oversight Board wishes to retain the option of returning to teleconference meetings, as needed.

Impact on Taxing Entities

None.

Attachment

Resolution

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
RESOLUTION NO. 22-029**

**RECOGNIZING A STATE OF EMERGENCY AND
AUTHORIZING TELECONFERENCED MEETINGS PURSUANT TO AB 361**

WHEREAS, in response to the novel coronavirus (“COVID-19”) pandemic, Governor Newsom adopted a series of Executive Orders allowing the legislative bodies of local governments to meet remotely via teleconference, so long as other provisions of the Ralph M. Brown Act (“Brown Act”) were followed; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361, which immediately amended the Brown Act allowing governing boards to continue holding virtual meetings outside the teleconferencing requirements of Government Code section 54953(b), if the board makes a finding that there is a proclaimed State of Emergency, and either (1) state or local officials have imposed or recommended social distancing measures, or (2) meeting in person would present imminent risks to the health or safety of attendees due to the emergency; and

WHEREAS, on March 4, 2020, Governor Newsom declared a statewide emergency arising from COVID-19 pursuant to Government Code section 8625; and

WHEREAS, the Oversight Board is committed to open and transparent governance in compliance with the Brown Act; and

WHEREAS, the Oversight Board is conducting virtual meetings by way of telephonic and/or internet-based services as to allow members of the public to fully participate in meetings and offer public comment; and

WHEREAS, the Oversight Board adopted Resolution No. 22-008, authorizing teleconferenced meetings pursuant to AB 361; and

WHEREAS, the Oversight Board may need to return to teleconference meetings to protect public health;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD that the recitals set forth above are true and correct and fully incorporated into this Resolution by this reference; and

BE IT FURTHER RESOLVED that the Oversight Board recognizes that a State of Emergency in the State of California continues to exist due to the COVID-19 pandemic; and

BE IT FURTHER RESOLVED that the governing board recognizes that social distancing measures remain recommended by state and local officials; and

BE IT FURTHER RESOLVED, the Oversight Board continues to authorize the use of teleconferencing, as needed, for meetings in accordance with Government Code section 54953(e)

and all other applicable provisions of the Brown Act, for a period of 30 days from the date of the adoption of this resolution, or such time that the Oversight Board adopts a subsequent resolution in accordance with Government Code section 54953(e)(3).

**MINUTES
REGULAR MEETING OF THE
ORANGE COUNTYWIDE OVERSIGHT BOARD**

July 19, 2022, 8:30 a.m.

1. CALL TO ORDER

A regular meeting of the Orange Countywide Oversight Board was called to order at 8:30 AM on July 19, 2022, via Zoom Webinar by Chairman Probolsky, presiding officer.

Present:	7	Chairman:	Brian Probolsky
		Vice Chairman:	Steve Jones
		Board Member:	Charles Barfield
		Board Member:	Steve Franks
		Board Member:	Anil Kukreja
		Board Member:	Dean West
		Board Member:	Phil Yarbrough

Absent: 0

Also Present: Kathy Tavoularis, Staff and Clerk of the Board; Patrick “Kit” Bobko, Legal Counsel; Chris Nguyen, Consultant; Cameron Wessel, Consultant; Joe Sturges, Staff

2. PLEDGE OF ALLEGIANCE

Board Member Yarbrough led the group in the Pledge of Allegiance.

3. ADOPT RESOLUTION CONCERNING TELECONFERENCED MEETINGS DURING STATE OF EMERGENCY

Board Member Yarbrough moved and Board Member Barfield seconded to adopt the Resolution concerning teleconferenced meetings during the state of emergency. Roll call vote.

YES – Probolsky, Jones, Barfield, Franks, Kukreja West, Yarbrough
NO – N/A
Absent – N/A

4. APPROVAL OF THE MINUTES FROM JUNE 2, 2022 SPECIAL MEETING

Board Member Yarbrough moved and Board Member Kukreja seconded to approve the minutes from the June 2, 2022 Special Meeting. Roll call vote.

YES – Probolsky, Jones, Barfield, Franks, Kukreja West, Yarbrough
NO – N/A
Absent – N/A

5. ADOPT RESOLUTION AUTHORIZING GARDEN GROVE SUCCESSOR AGENCY TO PROCEED WITH DISPOSITION OF PROPERTY LOCATED 12311 THACKERY DRIVE, GARDEN GROVE, CA (APN: 231-471-23)

Monica Covarrubias, Senior Project Manager for the City of Garden Grove's Office of Economic Development, requested the Oversight Board's approval to dispose the property. She stated that the Garden Grove Successor Agency had received a fair-market-value appraisal on the parcel. The Successor Agency will come back to the Oversight Board in September with a resolution to sell the property.

Board Member Yarbrough moved and Board Member West seconded to adopt the resolution. Roll call vote.

YES – Probolsky, Jones, Barfield, Franks, Kukreja West, Yarbrough
NO – N/A
Absent – N/A

6. RECEIVE AND FILE DETERMINATION OF OVERSIGHT BOARD ACTION RE: LA HABRA PROPERTY APPROVED BY THE DEPARTMENT OF FINANCE – INFORMATIONAL ITEM ONLY; NO ACTION TO BE TAKEN

Consultant Chris Nguyen briefly reviewed the Countywide Oversight Board's prior adoption of a Resolution directing La Habra to sell the property. Out of an abundance of caution, as this was a new action for the Oversight Board, Consultant Nguyen stated that the Resolution was submitted to the Department of Finance for review. The Department of Finance has stated that they have no objection to the Resolution, so the Resolution has taken effect. The Resolution requires that La Habra move forward with the process of selling the property no later than October 18, 2022.

Counsel Bobko stated that this is a unique process. October 18 will be a significant date because the La Habra Successor Agency will have to return to the Oversight Board to show their progress. Board action will be necessary should they fail to meet that deadline. The Successor Agency will have to deal with Surplus Land Act implications, but it is likely that this parcel is exempt from the Surplus Land Act. The Oversight Board will need to schedule a special meeting for a date relatively soon after October 18 to keep the process moving. He reiterated that the Department of Finance has given the green light to the Oversight Board.

Board Member Yarbrough stated that he is content with the Oversight Board charting new territory. He stated that since there are several other properties held by other successor agencies which will need to be liquidated, the Oversight Board could use this process potentially to deal with those properties. Counsel Bobko concurs.

The letter was received and filed, as no board action was required on this informational item.

COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

None.

STAFF COMMENTS:

Clerk Tavoularis reported that the next scheduled regular meeting is on September 20, 2022.

She asked Chairman Probolsky if he would like to take this opportunity to schedule a special meeting. Chairman Probolsky declined, stating that he'd like to see how the La Habra Successor Agency moves before doing so.

BOARD COMMENTS:

None.

CLOSED SESSION:

None.

ADJOURNMENT

Board Member Yarbrough moved and Board Member Barfield seconded to adjourn the meeting at 8:42 AM.

BRIAN PROBOLSKY
CHAIRMAN OF THE COUNTYWIDE OVERSIGHT BOARD

KATHY TAVOULARIS
CLERK OF THE BOARD

DATE

Orange Countywide Oversight Board

Date: 9/20/2022

Agenda Item No. 5

From: Staff of the Oversight Board

Subject: Election of Board Officers

Recommended Action:

Approve resolution electing Board Officers.

This resolution will elect the Board officers, namely the Chairman and Vice Chairman, each for a term of one year.

At the Orange Countywide Oversight Board's first-ever meeting on August 7, 2018 and later at the September 26, 2019, September 22, 2020 and September 21, 2021 meetings, the Board elected Brian Probolsky, a Director of the Moulton Niguel Water District and the appointee of the Independent Special District Selection Committee, as Chairman, and the Board also elected the Honorable Steve Jones, the Mayor of Garden Grove and the appointee of the City Selection Committee, as Vice Chairman, each for a term of one year.

RESOLUTION NO. 22-030

**A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
ELECTING ITS CHAIRMAN AND VICE CHAIRMAN**

WHEREAS, California Health and Safety Code Section 34179(e) requires all action items of the Orange County Countywide Oversight Board be accomplished by resolution; and

WHEREAS, in accordance with California Health and Safety Code Section 34179(j), the twenty-five oversight boards in place in Orange County consolidated into one Orange Countywide Oversight Board, effective July 1, 2018; and

WHEREAS, the election of a Chairman and Vice Chairman will further the Board's ability to conduct its work;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD hereby elects _____ to serve as Chairman and _____ to serve as Vice Chairman for a term of one year.

Orange Countywide Oversight Board

Date: 9/20/2022

Agenda Item No. 6

From: Staff of the Oversight Board

Subject: 2023 Meeting Schedule

Recommended Action:

Approve resolution adopting 2023 meeting schedule

The attached resolution would adopt a 2023 meeting schedule consisting of:

- Tuesday, January 17, 2023
- Tuesday, January 24, 2023
- Tuesday, April 18, 2023
- Tuesday, July 25, 2023
- Tuesday, September 19, 2023

The two proposed January meeting dates are due to the annual ROPS of agencies coming before the Countywide Oversight Board as well as the varying schedules of Successor Agency governing boards, who must act before the February 1, 2023 submission deadline to the State Department of Finance (DOF) for annual ROPS for FY 22-23, which is set by Health and Safety Code Section 34177(o)(1).

Health and Safety Code Section 34177(o)(1)(E) sets October 1, 2023 as the submission deadline to the State Department of Finance for amended ROPS for FY 23-24. With most Successor Agencies getting their governing board's approval for amended ROPS in the first half of September, September 6 and 13 would be too early for the Oversight Board to meet. The Board of Supervisors has not yet adopted its 2023 meeting schedule, though they typically meet on the second and fourth Tuesday of each month.

The attached resolution would direct staff to schedule the 2023 meetings.

Conflicts with Other Government Bodies and Associations

- The proposed January 24 meeting date conflicts with the Board of Supervisors' likely meeting date, but the April, July and September meeting dates are not expected to conflict with that Board's meetings.
- The Orange County Transportation Authority and its committees do not have regular meetings on Tuesdays.
- The Orange County Board of Education holds its regular meetings on Wednesdays.
- Staff is not aware of any City Council, College District, or School District in Orange County that holds its regular meeting in the morning.
- The League of California Cities 2023 Annual Conference date and location TDB

Holiday Conflicts

- The proposed January 17 meeting date is the day after Martin Luther King, Jr. Day.
- The proposed January 24 meeting date does not conflict with any holiday known to staff.
- The proposed April 18 meeting date does not conflict with any holiday known to staff.
- The proposed July 25 meeting date does not conflict with any holiday known to staff.

- The proposed September 19 meeting date between Rosh Hashanah (September 15-17) and Yom Kippur (September 24-25).

RESOLUTION NO. 22-031

**A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
ADOPTING THE 2023 MEETING SCHEDULE**

WHEREAS, California Health and Safety Code Section 34179(e) requires all action items of the Orange County Countywide Oversight Board be accomplished by resolution; and

WHEREAS, the Orange Countywide Oversight Board has not yet set its 2023 regular meeting schedule;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Orange Countywide Oversight Board shall hold its regular meetings in 2023 on January 17, January 24, April 18, July 25, and September 19; and

Section 2. The Orange Countywide Oversight Board shall hold its regular meetings at 8:30 a.m.; and

Section 3. Nothing in this resolution will prevent the cancellation of any regular meeting through normal meeting cancellation procedures.

Orange Countywide Oversight Board

Agenda item No. 7

Date: September 20, 2022

From: Successor Agency to the Cypress Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving the Dissolution of the Successor Agency to the Cypress Redevelopment Agency

Recommended Action:

Approve resolution to dissolve the Successor Agency to the Cypress Redevelopment Agency.

State law requires a request to dissolve a successor agency be submitted to its oversight board within 30 days of all enforceable obligations being retired or paid in full, all real property disposed of and all outstanding litigation resolved. On June 30, 2020, the last outstanding enforceable obligation of the Cypress Successor Agency (Agency) was paid in full. The Agency had previously disposed of all real property and resolved all outstanding litigation, therefore formal dissolution of the Agency is required.

The Agency Board submitted an initial request to the Countywide Oversight Board to dissolve the Agency on July 30, 2020 contingent upon the assignment of an outstanding receivable due to the Agency in 2029. The Countywide Oversight Board considered the matter but chose not to approve the Agency's request to assign the receivable or to proceed with the dissolution of the Agency.

As a result of the Countywide Oversight Board's decision, the Agency has been essentially inactive since 2020 awaiting resolution of the outstanding receivable. On August 15, 2022 the Agency received full payment on the outstanding receivable due to a refinancing. With the outstanding receivable matter resolved, the Orange County Auditor-Controller and the State Department of Finance requested the Agency proceed with a second attempt to dissolve the Agency. The Agency Board approved a resolution on September 12, 2022 requesting the Countywide Oversight Board approve the formal dissolution of the Successor Agency. The Agency Board has made a determination that the Successor Agency has met all of the Dissolution Criteria.

Pursuant to HSC Section 34187(b), the Countywide Oversight Board must take action within 30 days to approve the Successor Agency's request to dissolve and then submit the request to the State Department of Finance (the "DOF"). The DOF will have 30 days to approve or deny the request.

If the DOF approves the request, the Successor Agency must take the following steps within 100 days of the DOF's approval:

- (1) dispose of all remaining assets and transfer any proceeds to the County Auditor-Controller for distribution to the affected taxing entities, and
- (2) notify the Countywide Oversight Board that it has complied with such disposition and transfer of proceeds.

The Agency reports that its remaining assets as of September 12, 2022 consist of \$664,430.29 which includes \$438,900 of note proceeds received on August 15, 2022 and \$225,530.29 of remaining Redevelopment Property Tax Trust Fund monies. Pursuant to the attached Resolution, the Countywide Oversight Board will direct the Agency to transfer the remaining assets to the County Auditor-Controller following the DOF's approval of the dissolution request.

Pursuant to HSC Section 34187(f), upon receipt of notification from the Agency that such transfer has been completed, the Countywide Oversight Board must verify that, with respect to the Agency, all obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any remaining proceeds remitted to the county auditor-controller for distribution to the affected taxing entities. Within 14 days of verification, the Countywide Oversight Board must adopt a final resolution to dissolve the Successor Agency, which will become effective immediately.

Impact on Taxing Entities

After the DOF's approval of the Agency's request to dissolve, the Agency will transmit the remaining assets to the County Auditor-Controller. The County Auditor-Controller will disburse such moneys to the taxing entities.

In conjunction with the retirement and pay-off of all of the Agency's enforceable obligation and the dissolution of the Agency, no further property tax will be allocated to the Agency's Redevelopment Property Tax Trust Fund.

Staff Contact(s)

Matt Burton, Director of Finance and Administrative Services
Donna Mullally, Assistant Director of Finance and Administrative Services

Attachments

Countywide Oversight Board Resolution dated September 20, 2022
Cypress Successor Agency Approved Resolution dated September 12, 2022

RESOLUTION OF THE ORANGE COUNTY IDE OVERSIGHT BOARD
RESOLUTION NO 22-032

IN THE MATTER OF APPROVING THE REQUEST OF THE
SUCCESSOR AGENCY TO THE CYPRESS REDEVELOPMENT
AGENCY TO FORMALLY DISSOLVE AND TAKE RELATED ACTIONS

WHEREAS, the Successor Agency to the Cypress Redevelopment Agency (the Successor Agency) has been duly created and existing in accordance with applicable law, including Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the Dissolution Law), as the successor-in-interest by operation of law of the former Cypress Redevelopment Agency (the RDA) and

WHEREAS, pursuant to HSC Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the Oversight Board) has jurisdiction over the Successor Agency and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency has over the years duly submitted the Recognized Obligation Payment Schedule (the ROPS) to the Oversight Board and California Department of Finance (the DOF or the department), which have duly been approved by the Oversight Board and DOF and

WHEREAS, the Successor Agency is tasked with winding down the former Redevelopment Agency's affairs and

WHEREAS, pursuant to California Health and Safety Code (HSC) section 34187(b) in the Dissolution Law (Section 34187(b)), When all of the enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency and the oversight board shall approve the request within 30 days, and shall submit the request to the department and

WHEREAS, in accordance with the Dissolution Law, all enforceable obligations (as defined in Health and Safety Code section 34171(d) of the former Cypress RDA were paid off as of June 30, 2020, pursuant to the duly approved ROPS and

WHEREAS, the Successor Agency met all criteria in Section 34187(b) to request and ultimately process to completion the formal dissolution of the Successor Agency and

WHEREAS, the Successor Agency, on July 30, 2020, requested the Oversight Board dissolve the Successor Agency and

WHEREAS, the Oversight Board did not approve the dissolution of the Successor Agency because of an outstanding receivable owed to the Successor Agency and

□ **HEREAS**, the Successor Agency became inactive after the dissolution requirements were met on June 30, 2020, pending the resolution of the outstanding receivable□and

□ **HEREAS**, the Successor Agency received payment in full of the outstanding receivable on August 15, 2022□and

□ **HEREAS**, the Board of Directors of the Successor Agency (the "SA Board") adopted its Resolution No. SA 2022-12, on September 12, 2022 (the "SA Resolution"), and a copy of the SA Resolution is set forth in Exhibit A□and

□ **HEREAS**, the SA Board found and determined the Successor Agency has met all of the Dissolution Criteria and requested the Oversight Board to recommence the process to formally dissolve the Successor Agency□and

□ **HEREAS**, pursuant to HSC Section 34187(b), the Oversight Board shall approve the Successor Agency's request to dissolve within 30 days and submit such request to the California State Department of Finance (the "DOF")□and

□ **HEREAS**, pursuant to HSC Section 34187(e), after the DOF's approval of the Successor Agency's request to dissolve, the Successor Agency shall transfer all remaining assets to the County Auditor-Controller (the "Final Transfer")□

**NO□ THEREFORE, BE IT RESOLVED B□ THE ORANGE COUNTY IDE
O□ERSIGHT BOARD□**

SECTION 1. The Recitals above are true and correct and are incorporated into the Resolution by this reference.

SECTION 2. The Oversight Board hereby approves the Successor Agency's request to formally dissolve.

SECTION 3. The Oversight Board hereby directs the Successor Agency to transfer all remaining assets to the County Auditor-Controller for the Final Transfer and notify the Oversight Board of such transfer within 100 days after the DOF's approval of the request to dissolve the Successor Agency, pursuant to HSC Section 34187(e).

SECTION 4. The Clerk of the Oversight Board is hereby directed to transmit a copy of this Resolution, including Exhibit A) to the DOF.

SECTION 5. The approval of this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act (California Public Resources Code Section 21000 *et seq.*).

SECTION 6. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board hereby declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7 The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

SUCCESSOR AGENCY BOARD RESOLUTION NO. SA-12

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE
CYPRESS REDEVELOPMENT AGENCY REQUESTING
ORANGE COUNTYWIDE OVERSIGHT BOARD ACTION TO
DISSOLVE THE SUCCESSOR AGENCY, CONDITIONED UPON
APPROVAL BY THE CALIFORNIA DEPARTMENT OF FINANCE,
AND MAKING RELATED FINDINGS UNDER THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT (CEQA)

WHEREAS, the Successor Agency to the Cypress Redevelopment Agency ("Successor Agency") has been duly created and existing in accordance with applicable law, including Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the "Dissolution Law"), as the successor-in-interest by operation of law of the former Cypress Redevelopment Agency ("RDA"); and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency has over the years duly submitted the Recognized Obligation Payment Schedule ("ROPS") to the Oversight Board to the Successor Agency as it existed or does currently exist as set forth in Health and Safety Code section 34179 ("Oversight Board") and California Department of Finance ("DOF" or "department"), which have duly been approved by the Oversight Board and DOF; and

WHEREAS, pursuant to Health and Safety Code section 34187(b) in the Dissolution Law ("Section 34187(b)", "When all of the enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency, and the oversight board shall approve the request within 30 days, and shall submit the request to the department"; and

WHEREAS, in accordance with the Dissolution Law, all "enforceable obligations" (as defined in Health and Safety Code section 34171(d)) of the former RDA were paid off as of June 30, 2020, pursuant to the duly approved ROPS; and

WHEREAS, the Successor Agency meets all criteria in Section 34187(b) to request and ultimately process to completion the formal dissolution of the Successor Agency; and

WHEREAS, the Successor Agency, on July 30, 2020 , requested the Orange Countywide Oversight Board dissolve the Successor Agency; and

WHEREAS, the Orange Countywide Oversight Board did not approve the dissolution of the Successor Agency because of the outstanding receivable owed to the Successor Agency; and

WHEREAS, the Successor Agency became inactive after the dissolution requirements were met on June 30, 2020, pending the resolution of the outstanding receivable; and

WHEREAS, the Successor Agency received payment in full of the outstanding receivable on August 15, 2022; and

WHEREAS, the Successor Agency adopts and transmits to the Orange Countywide Oversight Board, now existing pursuant to Health and Safety Code section 34179 ("County Oversight Board") a new resolution to recommence the process to formally dissolve the Successor Agency, in accordance with the Dissolution Law.

NOW THEREFORE, BE IT RESOLVED, by the Successor Agency to the Cypress Redevelopment Agency, as follows:

SECTION 1. The Recitals above are true and correct and comprise a substantive part of this Resolution.

SECTION 2. The Successor Agency hereby finds and determines that all of the Dissolution Criteria set forth in HSC Section 34187(b) for the Successor Agency's dissolution have been met.

SECTION 3. The Successor Agency, pursuant to Section 34187(b), hereby requests that the Countywide Oversight Board adopt a resolution (OB Resolution) to (i) approve the Successor Agency's request to formally dissolve, (ii) direct the transfer of all surplus funds in the Successor Agency's possession to the County Auditor-Controller, and (iii) submit this Resolution and the OB Resolution to the DOF in accordance with HSC Section 34187(b).

SECTION 4. The Successor Agency finds and declares that this request and implementing actions to dissolve the Successor Agency, as required by and pursuant to Section 34187(b), do not constitute a project under the California Environmental Quality Act, Public Resources Code section 21000 *et seq.*, ("CEQA"), and implementing regulations in Title 14, section 15000 *et seq.*, of the California Code of Regulations, because the actions taken by this request: (i) Are organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment; and (ii) Do not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. (14 Cal. Code Regs. §15378(a) & (b)(5).) In the alternative, if applicable and to the extent the request and implementing actions may constitute a change in the organization or reorganization of local governmental agencies, the actions taken are exempt from environmental review because: (i) There is no alteration in the geographic areas within which the powers are exercised for the purposes of CEQA; and (ii) It can be seen with certainty that the dissolution of the Successor Agency will not have a significant effect on the environment. (14 Cal. Code Regs. §§15061(b)(3), 15320.)

SECTION 5. If any of the Conditions of Formal Dissolution are not satisfied, or any of the requirements set forth as part of the formal dissolution process in Section 34187(b) or any other applicable provisions in the Dissolution Law are not met by the Oversight Board or DOF, this Resolution shall be rescinded and of no force and effect, without any need for further action by the Successor Agency, and the process for final dissolution of the Successor Agency requested by this Resolution shall immediately cease and shall not proceed, and the Successor Agency shall not be dissolved until a future request by the Successor Agency for final dissolution is submitted to the Oversight Board.

SECTION 6. The Successor Agency hereby authorizes and directs the Executive Director of the Successor Agency to take any further actions on behalf of the Successor Agency, as may be necessary or appropriate, to implement the request and satisfy the requirements of the Dissolution Law. The authorization and direction in this section includes but is not limited to the submittal of this Resolution to the Auditor-Controller in accordance with Section 34187(b), the Orange Countywide Oversight Board, and the submittal of any documents as may be requested by the Oversight Board or DOF.

SECTION 7. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 8 The Successor Agency Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED by the Successor Agency Board at a meeting held on the 12th day of September, 2022.



CHAIR, SUCCESSOR AGENCY BOARD

ATTEST:



SECRETARY, SUCCESSOR AGENCY BOARD

STATE OF CALIFORNIA
COUNTY OF ORANGE)^{SS}
CITY OF CYPRESS)

I, ALISHA FARNELL, Secretary to the Successor Agency Board, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Successor Agency Board, held on the 12th day of September, 2022, by the following roll call vote:

AYES: 5 BOARD MEMBERS: Marquez, Minikus, Peat, Hertz-Mallari and Morales
NOES: 0 BOARD MEMBERS: None
ABSENT: 0 BOARD MEMBERS: None



SECRETARY, SUCCESSOR AGENCY BOARD

Orange Countywide Oversight Board

Agenda Item No. 8a

Date: 9/20/2022

From: Successor Agency to the Anaheim Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Amendment to the Recognized Obligation Payment Schedule (ROPS)

Recommended Action:

Approve resolution approving amendment to FY 2022-23B ROPS for the Anaheim Successor Agency

The Anaheim Successor Agency requests approval of the Amended Recognized Obligation Payment Schedule (ROPS) 22-23B for the second half of Fiscal Year 2022-23. The amendment would request additional RPTTF funds (ROPS Line-Item 151- Westgate Remediation) to repair non-routine maintenance issues in the amount of \$13,171,276.

Line-Item 151 in the ROPS is for ongoing environmental remediation costs to fulfill obligations imposed by various regulatory agencies that hold jurisdiction over the Westgate Property landfill (“LRPMP Property #16” or “Property”) and to fulfill a State approved Remedial Action Plan related to operations, monitoring, and maintenance activities at the subject Property.

The request for additional funds is to fund non-routine work required to address an onsite methane release at LRPMP Property #16 and to prevent future methane releases at the subject Property. The non-routine work would include the creation of a Clean Closure Plan, temporary abandonment of landfill gas and groundwater monitoring elements, Clean Closure construction elements, reconstruction of landfill gas and groundwater monitoring elements, and a Construction Completion Report.

The Agency has sufficient contract authority available to complete these repairs and, if approved, intends to utilize the requested additional RPTTF funds in the ROPS 22-23B period to immediately address the methane release and associated operations, monitoring and maintenance activities at the subject Property.

Impact on Taxing Entities

The proposed ROPS Amendment will reduce residual RPTTF to the taxing entities from the January 2, 2023 distribution by \$13,171,276.

Staff Contact(s)

Sergio Ramirez, Economic Development Director
sramirez@anaheim.net

Stephen Stoewer, Senior Project Manager
SStoewer@anaheim.net

Alexander Nguyen, Senior Accountant
ANguyen@anaheim.net

Attachments

1. Resolution
2. Amended ROPS FY 22-23B
3. Tetra Tech BAS Scope of Work

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
RESOLUTION NO. 22-033**

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD APPROVING AN *AMENDED RECOGNIZED OBLIGATION PAYMENT* FOR THE FY2022-23 FISCAL PERIOD OF JULY 1, 2022 TO JUNE 30, 2023, FOR THE SUCCESSOR AGENCY TO THE ANAHEIM REDEVELOPMENT AGENCY, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE [DOF] UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF

WHEREAS, the former Anaheim Redevelopment Agency (“Former Agency”) previously was a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Anaheim (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and policy the Successor Agency to the Anaheim Redevelopment Agency (“Successor Agency”) administers the enforcement obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs; and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular Sections 34179 and 34180, all actions of the Successor Agency were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018, under the Dissolution Law, in particular Section 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply in the County of Orange; and

WHEREAS, as of, on and after July 1, 2018, the Orange Countywide Oversight Board (“Oversight Board”) was established through the Orange County Auditor-Controller in compliance with Section 34179(j), which serves as the oversight board to the 25 successor

agencies existing and operating in Orange County, including Successor Agency and all other successor agencies in Orange County; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, have fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Section 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, review and approved by the Successor Agency and then reviewed and approved by the Oversight Board final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o)(1)(E) of the Dissolution Law authorizes that “[o]nce per period, and no later than October 1, a successor agency may submit one amendment to the [ROPS] approved by the department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the [ROPS] period, which shall be defined as January 1 to June 30, inclusive. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised [ROPS] shall be approved by the oversight board and submitted to the department by electronic means in a manner of the department’s choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department’s review at least 15 days before the date of the property tax distribution”; and

WHEREAS, the Successor Agency has submitted to the Orange Countywide Oversight Board an amendment to ROPS FY 2022-2023 reflecting additional payments for non-routine maintenance, remediation and related project costs, to enable the Successor Agency to pay costs necessary to address current remediation needs at 2951 West Lincoln Avenue (LRPMP Property #16) and other projects; and

WHEREAS, the objective of this Orange Countywide Oversight Board resolution is to authorize, make findings, and approve the Successor Agency’s amendment of ROPS FY22-23 to correct and increase line item 151 as reflected on the amendment to the Successor Agency’s ROPS FY 2022-23 attached as Attachment No. 1 to this resolution and fully incorporated herein by this reference; and

WHEREAS, the Orange Countywide Oversight Board has reviewed and considered the Successor Agency’s amendment of ROPS FY22-23, and desires to make certain findings, including: (i) amendment is necessary to pay a DOF-approved enforceable obligation on ROPS FY 2022-2023 during the “B” fiscal period, (ii) ROPS FY 2022-23, as amended, is approved, (iii) the Successor Agency or City staff are authorized to post ROPS FY 2022-23, as amended,

on the City's website, and (iv) staff is directed to transmit ROPS FY 2022-23, as amended, to the DOF, pursuant to the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. The Orange Countywide Oversight Board hereby finds the revision set forth in amended ROPS FY 2022-2023 for funds to be distributed from the Redevelopment Property Tax Trust Fund (RPTTF) for the fiscal period January 1, 2023 to June 30, 2023 is necessary to pay DOF-approved enforceable obligations for such ROPS FY 2022-2023B period; in particular, the amendment is to correct and increase the RPTTF authorized for disbursement to the Successor Agency and payment by the Successor Agency for line items 151.

SECTION 3. Under the Dissolution Law, the Orange Countywide Oversight Board approves the ROPS FY 2022-23, as amended, (Attachment No. 1); provided however, that the ROPS FY 2022-2023, as amended, is approved subject to the condition that such ROPS, as amended, is to be submitted to and reviewed by the DOF. Further, the Executive Director of the Successor Agency and his authorized designees, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

SECTION 4. The Orange Countywide Oversight Board authorizes transmittal of ROPS FY 2022-2023, as amended, to the DOF.

SECTION 5. The Executive Director of the Successor Agency and his authorized designees directed to post this Resolution, including the ROPS FY 2022-2023, as amended, on the City's website.

SECTION 6. The approval of the amendment to the ROPS through this Resolution does not commit the Orange Countywide Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 7. Under Section 34179(h) written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. The Orange Countywide Oversight

Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

SPARKS, ANDERSON & RAINS PITS AND DAVIS MUD PIT CLOSURES

Item	Cost
Phase I Closure Construction (Southern Portions of Sparks & Anderson Pits)	
<i>Phase I Cover Construction</i>	\$1,266,100
SUB-TOTAL:	\$1,266,100
Phase II Closure (Southern Portions of Rains Pit)	
<i>Civil Design</i>	\$25,000
<i>LFG System Design and Repairs</i>	\$770,596
<i>Parking Lot Repavement and Geogrid Installation</i>	\$1,519,580
SUB-TOTAL:	\$2,315,176
Phase III Closure Construction (Wester Portions of Sparks & Anderson Pits)	
<i>Phase III LFG Modifications</i>	\$400,000
<i>Phase III CM / CQA</i>	\$80,000
<i>Phase III Cover Construction</i>	\$2,140,000
<i>Phase III Design/Grading</i>	\$100,000
<i>Phase III Waste Excavations, Removal, Disposal</i>	\$275,000
<i>Phase III Geogrid Installation</i>	\$460,000
SUB-TOTAL:	\$3,455,000
DMP CLEAN CLOSURE	
Plans	
<i>Final Clean Closure Plan</i>	\$160,000
SUB-TOTAL:	\$160,000
Temporary abandonment of Sparks Anderson Rains Pit LFG and GW Elements	
<i>Temp. abandonment of Sparks Anderson Rains Pit LFG Syst., LFG Probes, and GW Wells</i>	\$160,000
SUB-TOTAL:	\$160,000
Clean Closure Construction Activites (Phase I Drive Aisle)	
<i>DMP Waste Excavation and Disposal</i>	\$700,000
<i>Temporary Gas System Additional OM&M</i>	\$30,000
<i>CQA/CM</i>	\$100,000
SUB-TOTAL:	\$830,000
Clean Closure Construction Activites (Phase II Remainder of DMP Site)	
<i>DMP Waste Excavation and Disposal</i>	\$4,200,000
<i>Temporary Gas System Additional OM&M</i>	\$40,000
<i>CQA/CM</i>	\$200,000
SUB-TOTAL:	\$4,440,000
Reconstruction of Sparks Anderson Rains Pit LFG System , LFG Probes, and GW Wells	
<i>Reconstruction of Sparks Anderson Rains Pit LFG System , LFG Probes, and GW Wells</i>	\$485,000
SUB-TOTAL:	\$485,000
Construction Completion Report	
<i>Final As-Built Report</i>	\$60,000
SUB-TOTAL:	\$60,000
SUB-TOTAL	\$6,135,000

GRAND TOTAL: \$13,171,276

**Amended Recognized Obligation Payment Schedule (ROPS 22-23B) - Summary
Filed for the January 1, 2023 through June 30, 2023 Period**

Successor Agency: Anaheim

County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 22-23B Authorized Amounts	ROPS 22-23B Requested Adjustments	ROPS 22-23B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ 151,180	\$ -	\$ 151,180
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	151,180	-	151,180
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 12,497,932	\$ 13,171,276	\$ 25,669,208
F RPTTF	12,262,932	13,171,276	25,434,208
G Administrative RPTTF	235,000	-	235,000
H Current Period Enforceable Obligations (A+E)	\$ 12,649,112	\$ 13,171,276	\$ 25,820,388

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/ _____
Signature Date

Anaheim
Amended Recognized Obligation Payment Schedule (ROPS 22-23B) - ROPS Detail
January 1, 2023 through June 30, 2023

Item #	Project Name	Obligation Type	Total Outstanding Obligation	Authorized Amounts					Total	Requested Adjustments					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
			\$216,667,544	\$-	\$-	\$151,180	\$12,262,932	\$235,000	\$12,649,112	\$-	\$-	\$-	\$13,171,276	\$-	\$13,171,276	
50	Tax Allocation Refunding Bonds	Bonds Issued On or Before 12/31/10	\$44,695,207	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
54	Fiscal agent/arbitrage svcs	Fees	\$506,317	-	-	-	14,000	-	\$14,000	-	-	-	-	-	\$-	
56	HUD 108 Loan-Capital Projects	CDBG/HUD Repayment to City/County	\$3,922,037	-	-	-	61,972	-	\$61,972	-	-	-	-	-	\$-	
58	HUD 108 Loan-Westgate	CDBG/HUD Repayment to City/County	\$1,798,805	-	-	-	21,791	-	\$21,791	-	-	-	-	-	\$-	
63	External Project Costs	Professional Services	\$459,998	-	-	-	20,000	-	\$20,000	-	-	-	-	-	\$-	
66	River Valley Redev. Proj. Area	OPA/DDA/Construction	\$3,354,098	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
68	Anaheim Westgate Center Proj.	Miscellaneous	\$5,965,936	-	-	-	114,347	-	\$114,347	-	-	-	-	-	\$-	
70	8.9-acre SoCal Edison	Miscellaneous	\$14,501,035	-	-	-	285,288	-	\$285,288	-	-	-	-	-	\$-	
71	Shoe City lease	Miscellaneous	\$1,683,377	-	-	-	18,708	-	\$18,708	-	-	-	-	-	\$-	
75	External Project Costs	Professional Services	\$511,666	-	-	-	3,600	-	\$3,600	-	-	-	-	-	\$-	
103	External Project Costs	Professional Services	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
114	Avon Dakota Revitalization	Miscellaneous	\$3,084,533	-	-	-	1,542,267	-	\$1,542,267	-	-	-	-	-	\$-	
115	Avon Dakota Revitalization	Miscellaneous	\$600,000	-	-	-	300,000	-	\$300,000	-	-	-	-	-	\$-	
116	Project Management	Project Management Costs	\$65,000	-	-	-	32,500	-	\$32,500	-	-	-	-	-	\$-	
117	External Project Costs	Professional Services	\$150,000	-	-	-	75,000	-	\$75,000	-	-	-	-	-	\$-	
135	Administrative Cost Allowance	Admin Costs	\$470,000	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
137	Coop. Agr. - Reimb of Costs	Unfunded Liabilities	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
151	Westgate Remediation (Previous ROPS Line 100)	Remediation	\$15,246,669	-	-	-	272,209	-	\$272,209	-	-	-	13,171,276	-	\$13,171,276	
185	Administrative Cost Allowance to Housing Successor Per AB 471 (Previous ROPS Line 156)	Housing Entity Admin Cost	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
186	Administrative Cost Allowance to Housing Successor Per	Housing Entity	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	

Item #	Project Name	Obligation Type	Total Outstanding Obligation	Authorized Amounts					Total	Requested Adjustments					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
	AB 471 (Retroactive Disallowed Allowance) - Previous ROPS Line 156	Admin Cost														
187	Domain Project Area Remediation	Remediation	\$302,360	-	-	151,180	-	-	\$151,180	-	-	-	-	-	\$-	
191	Insurance for Westgate LandFill (Related to Line 151)	Remediation	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
192	Overreported "Other Funds" From Cash Balance Form	Miscellaneous	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	
193	2018 Refunding Bonds Series A	Bonds Issued On or Before 12/31/10	\$118,889,500	-	-	-	9,481,250	-	\$9,481,250	-	-	-	-	-	\$-	
195	Westgate Remediation - Water Control Board	Remediation	\$461,006	-	-	-	20,000	-	\$20,000	-	-	-	-	-	\$-	

Orange Countywide Oversight Board

Agenda Item No. 8b

Date: 9/20/2022

From: Successor Agency to the Garden Grove Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Amendment to the Recognized Obligation Payment Schedule (ROPS)

Recommended Action:

Approve resolution approving amendment to ROPS FY 22-23 B for the Garden Grove Successor Agency

The Garden Grove Successor Agency requests approval of the Amended Recognized Obligation Payment Schedule (ROPS) 22-23 B for the second half of Fiscal Year 2022-2023. The amendment would increase Redevelopment Property Tax Trust Fund (“RPTTF”) funding for the B period for the Line Items listed below. The amended Line Items on ROPS 22-23 B is detailed as follows.

1. Line Item #19 - Waterpark Hotel DDA, increase RPTTF budget by \$363,042. Allowable expenses incurred during ROPS 21-22 AB, were over the approved budgeted amount by \$363,042.
2. Line Item #20 - Site B2 DDA, increase RPTTF budget by \$4,167 for allowable expenses to incur due to the closing of escrow regarding the property transfer per the Disposition and Development Agreement and the Long Range Property Management Plan.
3. Line Item #22 - Brookhurst Triangle DDA, increase RPTTF budget by \$44,925 for allowable expenses to incur due to the closing of escrow regarding the property transfer per the Disposition and Development Agreement and the Long Range Property Management Plan.
4. Line Item #53 - Item 19 Trustee Fee (Waterpark Bond), increase RPTTF budget by \$3,767. Allowable expenses are over the approved budgeted amount.
5. Line Item #54 - Item 7 Trustee Fee (Katella Cottages Note), increase RPTTF budget by \$160. Allowable expenses incurred during ROPS 21-22 AB, were over the approved budgeted amount by \$160.

The Garden Grove Successor Agency resolution approving the Amended ROPS 22-23 B was approved on September 13, 2022 at the regularly scheduled City of Garden Grove Successor Agency meeting. Successor Agency approval is subject to submittal to and approval by the Oversight Board and then by the State Department and Finance (DOF). The Successor Agency also requests authorization to post the approved Resolution and Amended ROPS 22-23 B to the City’s website and to transmit the Amended ROPS 22-23 B to the DOF. Further, the City of Garden Grove’s Community and Economic Development Director and her designees, in consultation with legal counsel, shall be authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Impact on Taxing Entities

No fiscal impact until approved by DOF. If the DOF approves the Amended ROPS as submitted, the Successor Agency will increase its previously authorized ROPS 22-23 B distribution amount of \$3,616,227 to \$4,032,288, a difference of \$416,061 in RPTTF for the period of January 1, 2023 to June 30, 2023, to pay the Successor Agency’s enforceable obligations.

Staff Contact(s)

Grace Kim, Project Manager

Office of Economic Development
City of Garden Grove
Phone: 714-741-5130
gracel@ggcity.org

Lisa Kim
Assistant City Manager/Community and Economic Development Director
City of Garden Grove
Phone: 714-741-5121
lisak@ggcity.org

Attachments

- Attachment 1: Oversight Board Resolution Amending ROPS 22 -23 B
- Attachment 2: Amended Recognized Obligation Payment Schedule 22-23 B
- Attachment 3: Line Item 19 Backup
- Attachment 4: Line Item 20 Backup
- Attachment 5: Line Item 22 Backup
- Attachment 6: Line Item 53 Backup
- Attachment 7: Line Item 54 Backup
- Attachment 8: Pending Resolution Amending ROPS 22 -23 B from Garden Grove Successor Agency

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
RESOLUTION NO. 22-034**

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD APPROVING AN *AMENDED RECOGNIZED OBLIGATION PAYMENT* FOR THE 2022-2023 FISCAL PERIOD OF JULY 1, 2022 TO JUNE 30, 2023, FOR THE SUCCESSOR AGENCY TO THE GARDEN GROVE REDEVELOPMENT AGENCY, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE [DOF] UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF

WHEREAS, the former Successor Agency to the Garden Grove Redevelopment Agency (“Former Agency”) previously was a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Garden Grove (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and policy the Successor Agency to the Garden Grove Redevelopment Agency (“Successor Agency”) administers the enforcement obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs; and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular Sections 34179 and 34180, all actions of the Successor Agency were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018, under the Dissolution Law, in particular Section 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply in the County of Orange; and

WHEREAS, as of, on and after July 1, 2018, the Orange Countywide Oversight Board (“Oversight Board”) was established through the Orange County Auditor-Controller in

compliance with Section 34179(j), which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including Successor Agency and all other successor agencies in Orange County; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, have fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Section 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, review and approved by the Successor Agency and then reviewed and approved by the Oversight Board final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o)(1)(E) of the Dissolution Law authorizes that “[o]nce per period, and no later than October 1, a successor agency may submit one amendment to the [ROPS] approved by the department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the [ROPS] period, which shall be defined as January 1 to June 30, inclusive. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised [ROPS] shall be approved by the oversight board and submitted to the department by electronic means in a manner of the department’s choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department’s review at least 15 days before the date of the property tax distribution”; and

WHEREAS, the Successor Agency has submitted to the Orange Countywide Oversight Board an amendment to ROPS 2022-2023 reflecting additional payments for line items 19, 20, 22, 53 and 54, to enable the Successor Agency to pay off outstanding obligations associated with these enforced obligations; and

WHEREAS, the objective of this Orange Countywide Oversight Board resolution is to authorize, make findings, and approve the Successor Agency’s amendment of ROPS 2022-2023 to correct and increase for line items 19, 20, 22, 53 and 54, as reflected on the amendment to the Successor Agency’s ROPS 2022-2023 attached as Attachment No. 1 to this resolution and fully incorporated herein by this reference; and

WHEREAS, the Orange Countywide Oversight Board has reviewed and considered the Successor Agency’s amendment of ROPS 2022-2023, and desires to make certain findings, including: (i) amendment is necessary to pay a DOF-approved enforceable obligation on ROPS 2022-2023 during the “B” fiscal period, (ii) ROPS 2022-2023, as amended, is approved, (iii) the Successor Agency or City staff are authorized to post ROPS 2022-2023, as amended, on the

City's website, and (iv) staff is directed to transmit ROPS 2022-2023 B, as amended, to the DOF, pursuant to the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. The Orange Countywide Oversight Board hereby finds the revision set forth in amended ROPS 2022-2023 for funds to be distributed from the Redevelopment Property Tax Trust Fund (RPTTF) for the fiscal period January 1, 2023 to June 30, 2023 is necessary to pay DOF-approved enforceable obligations for such ROPS 2022-2023 period; in particular, the amendment is to correct and increase the RPTTF authorized for disbursement to the Successor Agency and payment by the Successor Agency for line items 19, 20, 22, 53 and 54.

SECTION 3. Under the Dissolution Law, the Orange Countywide Oversight Board approves the ROPS 2022-2023, as amended, (Attachment No. 1); provided however, that the ROPS 2022-2023, as amended, is approved subject to the condition that such ROPS, as amended, is to be submitted to and reviewed by the DOF. Further, the Executive Director of the Successor Agency and his authorized designees, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

SECTION 4. The Orange Countywide Oversight Board authorizes transmittal of ROPS 2022-2023, as amended, to the DOF.

SECTION 5. The Executive Director of the Successor Agency and his authorized designees directed to post this Resolution, including the ROPS 2022-2023, as amended, on the City's website.

SECTION 6. The approval of the amendment to the ROPS through this Resolution does not commit the Orange Countywide Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 7. Under Section 34179(h) written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. The Orange Countywide Oversight

Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

MONTH	HOTEL	DATE PAID/ REPORT RCVD	TOTAL RECEIPTS	10% NON- TRANSIENT DEDUCTION	GOV'T EMP DEDUCTION	TOTAL ALLOWABLE DEDUCTION	TAXABLE RENT	TRANSIENT TAX	OVER/ SHORT	AMOUNT ACTUALLY PAID	TOT PEN	TOT INT	TOT TOTAL REPORTED	AMOUNT OF TOT PAID	GGTID DUE & PAID	GG TID PEN	GG TID INT	GGTID 20%	GGTID 80%	GGTID TOTAL	TOTAL	AMOUNT OF CHECK	AMOUNT DEFERRED / OUTSTANDING	REMARKS
JULY	GREAT WOLF LODGE	08/12/21	\$ 6,362,698.23	\$ -	\$ -	\$ 6,362,698.23	\$ 922,591.24	\$ 922,591.24	\$ 922,591.24	\$ 922,591.24	\$ -	\$ -	\$ 922,591.24	\$ 922,591.24	\$ 31,813.49	\$ -	\$ -	\$ 6,362.70	\$ 25,450.79	\$ 31,813.49	\$ 954,404.73	\$ 954,404.73		
AUGUST	GREAT WOLF LODGE	09/13/21	\$ 5,028,383.41	\$ -	\$ -	\$ 5,028,383.41	\$ 729,115.59	\$ 729,115.59	\$ 729,115.59	\$ 729,115.59	\$ -	\$ -	\$ 729,115.59	\$ 729,115.59	\$ 25,141.92	\$ -	\$ -	\$ 5,028.38	\$ 20,113.53	\$ 25,141.92	\$ 754,257.51	\$ 754,257.51		
SEPTEMBER	GREAT WOLF LODGE	10/13/21	\$ 3,654,074.79	\$ -	\$ -	\$ 3,654,074.79	\$ 529,840.84	\$ 529,840.84	\$ 529,840.84	\$ 529,840.84	\$ -	\$ -	\$ 529,840.84	\$ 529,840.84	\$ 18,270.37	\$ -	\$ -	\$ 3,654.07	\$ 14,616.30	\$ 18,270.37	\$ 548,111.22	\$ 548,111.22		
OCTOBER	GREAT WOLF LODGE	11/12/21	\$ 3,426,267.52	\$ -	\$ -	\$ 3,426,267.52	\$ 496,808.79	\$ 496,808.79	\$ 496,808.79	\$ 496,808.79	\$ -	\$ -	\$ 496,808.79	\$ 496,808.79	\$ 17,131.34	\$ -	\$ -	\$ 3,426.27	\$ 13,705.07	\$ 17,131.34	\$ 513,940.13	\$ 513,940.13		
NOVEMBER	GREAT WOLF LODGE	12/15/21	\$ 3,260,187.54	\$ -	\$ -	\$ 3,260,187.54	\$ 472,727.19	\$ 472,727.19	\$ 472,727.19	\$ 472,727.19	\$ -	\$ -	\$ 472,727.19	\$ 472,727.19	\$ 16,300.94	\$ -	\$ -	\$ 3,260.19	\$ 13,040.75	\$ 16,300.94	\$ 489,028.13	\$ 489,028.13		
DECEMBER	GREAT WOLF LODGE	01/13/22	\$ 3,827,562.82	\$ -	\$ -	\$ 3,827,562.82	\$ 554,996.61	\$ 554,996.61	\$ 554,996.61	\$ 554,996.61	\$ -	\$ -	\$ 554,996.61	\$ 554,996.61	\$ 19,137.81	\$ -	\$ -	\$ 3,827.56	\$ 15,310.25	\$ 19,137.81	\$ 574,134.42	\$ 574,134.42		

TOT Differential	JUL	\$ 95,440.47
	AUG	\$ 75,425.75
	SEP	\$ 54,811.12
	OCT	\$ 51,394.01
	NOV	\$ 48,902.81
	DEC	\$ 57,413.44
		\$ 383,387.61

MONTH	HOTEL	DATE PAID	TOTAL RECEIPTS	10% -NON-TRANSIENT DEDUCTION	GOV'T EMP DEDUCTION	TOTAL ALLOWABLE DEDUCTION	TAXABLE RENT	TRANSIENT TAX	OVER/SHORT	TOT TOTAL REPORTED	TOT PEN	TOT INT	TOT TOTAL W PEN & INT	AMOUNT OF TOT PAID	GGTID DUE & PAID	GG TID PEN	GG TID INT	GGTID 20%	GGTID 80%	GGTID TOTAL	TOTAL	AMOUNT OF CHECK	REMARKS
JAN	GREAT WOLF LODGE	02/14/22	\$ 2,026,473.30		\$ -	\$ 2,026,473.30	\$ 293,838.63	\$ 293,838.63		\$ 293,838.63			\$ 293,838.63	\$ 293,838.63	\$ 10,132.37			\$ 2,026.47	\$ 8,105.89	\$ 10,132.37	\$ 303,971.00	\$ 303,971.00	
FEB	GREAT WOLF LODGE	03/15/22	\$ 2,443,052.82		\$ -	\$ 2,443,052.82	\$ 354,242.66	\$ 354,242.66		\$ 354,242.66			\$ 354,242.66	\$ 354,242.66	\$ 12,215.26			\$ 2,443.05	\$ 9,772.21	\$ 12,215.26	\$ 366,457.92	\$ 366,457.92	
MAR	GREAT WOLF LODGE	04/14/22	\$ 4,444,016.53		\$ -	\$ 4,444,016.53	\$ 644,382.40	\$ 644,382.40		\$ 644,382.40			\$ 644,382.40	\$ 644,382.40	\$ 22,220.08			\$ 4,444.02	\$ 17,776.07	\$ 22,220.08	\$ 666,602.48	\$ 666,602.48	
APRIL	GREAT WOLF LODGE	05/16/22	\$ 5,464,545.31		\$ -	\$ 5,464,545.31	\$ 792,359.07	\$ 792,359.07		\$ 792,359.07			\$ 792,359.07	\$ 792,359.07	\$ 27,322.73			\$ 5,464.55	\$ 21,858.18	\$ 27,322.73	\$ 819,681.80	\$ 819,681.80	
MAY	GREAT WOLF LODGE	06/15/22	\$ 3,997,045.09		\$ -	\$ 3,997,045.09	\$ 579,571.54	\$ 579,571.54		\$ 579,571.54			\$ 579,571.54	\$ 579,571.54	\$ 19,985.23			\$ 3,997.05	\$ 15,988.18	\$ 19,985.23	\$ 599,556.77	\$ 599,556.77	
JUNE	GREAT WOLF LODGE	07/14/22	\$ 5,165,632.32		\$ -	\$ 5,165,632.32	\$ 749,016.69	\$ 749,016.69		\$ 749,016.69			\$ 749,016.69	\$ 749,016.69	\$ 25,828.16			\$ 5,165.63	\$ 20,662.53	\$ 25,828.16	\$ 774,844.85	\$ 774,844.85	

TOT Differential			
JAN	\$	30,397.10	
FEB	\$	36,645.79	
MAR	\$	66,660.25	
APRIL	\$	81,968.18	
MAY	\$	59,955.68	
JUNE	\$	77,484.48	
	\$	<u>353,111.48</u>	



**First American
Title Insurance Company**

NATIONAL COMMERCIAL SERVICES

August 29, 2022

Via Email

Greg Blodgett
Economic Development Manager

City of Garden Grove
Office of Economic Development
11222 Acacia Parkway
Garden Grove, CA 92840

RE: Title Insurance & Escrow Fees – Newage Garden Grove & Brookhurst

Dear Greg,

Thank you for the opportunity to provide you with our most current pricing for your title and escrow needs. Our pricing letter includes a breakdown for Title, Escrow and County Documentary Transfer Tax for Newage Garden Grove and Newage Brookhurst.

Newage Garden Grove Line Item 20 Site B2 DDA - GG New Age Brookhurst DDA Dated Nov. 24, 2010

\$920,000.00

Standard Owners (CLTA) - \$2,062.00 [Section 204. Title Insurance. Page 16](#)
Escrow Fee (1/2) - 1,092.50 [Section 202.1. Costs of Escrow. Page 13](#)
Documentary Transfer Tax - \$1,012.00 [Section 202.1. Costs of Escrow. Page 13](#)

Newage Brookhurst Line Item 22 Brookhurst Triangle DDA - GG New Age Brookhurst DDA Dated Nov. 24, 2010

\$24,000,000.00

Standard Owners (CLTA) - \$14,400.00 [Section 204. Title Insurance. Page 11](#)
Escrow Fee (1/2) - \$4,025.00 [Section 202.1. Costs of Escrow. Page 8](#)
Documentary Transfer Tax - \$26,400.00 [Section 202.1. Costs of Escrow. Page 8](#)

First American Transaction Team
Michael Williams, Account Manager

Jeff Paschal, Senior National Underwriter

Maureen Collier, Senior Escrow Officer
Lani Evanoff, Senior Escrow Officer

I hope I've addressed all of your potential title insurance needs. I'm available at your convenience should you wish to discuss further any portion of this pricing letter.

Sincerely,

Michael C. Williams – Vice President

First American Title

714.504.0525

DISPOSITION AND DEVELOPMENT AGREEMENT

BY AND BETWEEN THE

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

AND

PALM COURT LODGING, LLC

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ATTACHMENT NO. 7	RELEASE OF CONSTRUCTION COVENANTS
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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of June 26, 2001, 2001, by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), and PALM COURT LODGING, LLC, a Colorado limited liability company (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. In furtherance of the objectives of the California Community Redevelopment Law, the Agency desires to redevelop a certain approximately five and one-half (5.5) acre portion of the Garden Grove Redevelopment Project (the "**Redevelopment Project**") located on the west side of Harbor Boulevard between Chapman Avenue and Twintree Avenue, in the City of Garden Grove (the "**Site**"). The Site has previously been developed for urban use.

B. The Agency and the Developer desire by this Agreement for the Agency to agree to consider in good faith the acquisition of the Site, and if and to the extent Agency decides to and does acquire the Site, to convey the Site to the Developer, and for the Developer to agree to purchase the Site and construct, complete, and operate a 275-room Marriott Courtyard Inn Hotel and a 225-room Springhill Suites Hotel, or other Approved Products (as defined hereinbelow) containing approximately 500 rooms (in the aggregate), along with required parking and landscaping improvements (collectively, the "**Developer Improvements**"), as more particularly set forth in the Scope of Development (Attachment No. 7).

C. This Agreement and the implementation hereof is in the vital and best interest of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Redevelopment Project has been undertaken.

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS

"**Acquisition Costs**" means the amount of funds necessary to allow the Agency to acquire and clear the Site, and shall include, without limitation, all of the following at Agency's discretion: appraisal costs in connection with eminent domain actions, if any, but not including appraisal costs for those portions of the Site as may be acquired other than in connection with the exercise of the power of eminent domain; relocation assistance; the cost to provide relocation advisory assistance; amounts payable by Agency for land, buildings, and other interests in property and interest paid in connection with the financing of such amounts; any Clean-Up Cost borne by the Agency as to the Site; escrow costs and premiums for title insurance as to the Site to the extent borne by the Agency.

"**Actual Knowledge**" is defined in Section 208.1 hereof.

“Agency” means the Garden Grove Agency for Community Development, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California, Health and Safety Code, Section 33000, *et seq.*, and any assignee of or successor to its rights, powers and responsibilities.

“Agency Director” means the Director of the Agency or his designee.

“Agency Loan” means the advance from the Developer to the Agency of fifty percent (50%) of the Acquisition Costs as set forth in Section 201.1, less the Financing Costs (as hereinafter defined), the terms of repayment of which are set forth in Section 201.3.

“Agency Repurchase Option” means the rights of the Agency to repurchase the Site, together with all improvements thereon, on the terms set forth in Section 506 of this Agreement.

“Agency’s Conditions Precedent” means the conditions precedent to the Closing to the benefit of the Agency, as set forth in Section 205.1 hereof.

“Agency’s Environmental Consultant” means the environmental consultant which may be employed by the Agency pursuant to Section 208.2 hereof.

“Agency’s Environmental Reports” means the environmental investigation of the Site which has been or is being conducted for the Agency by Agency’s Environmental Consultant, as set forth in Section 208.2 hereof.

“Agreement” means this Disposition and Development Agreement between the Agency and the Developer.

“Approved Operator” means (i) Stonebridge Hospitality Services, Inc., a Colorado corporation (“SHS”), and (ii) such other operators of national lodging chains as the Agency may approve so long as the operator has equal or greater experience and is of equal or greater quality than SHS, as determined by the Agency in its sole and absolute discretion.

“Approved Product” means a Marriott Courtyard Hotel and a Springhill Suites Hotel, or such other limited service hotels, business hotels, garden hotels and garden suite hotels as may be approved by the Agency in its sole and absolute but reasonable discretion.

“Basic Concept Drawings” means the plans and drawings to be submitted and approved by the Agency, as set forth in Section 302.1 hereof.

“City” means the City of Garden Grove, a California municipal corporation.

“Clean-Up Cost” is defined in Section 208.3 hereof.

“Clean-Up Plan” means the plan for the clean-up of the Site, as defined in Section 208.3 hereof.

“Clean-Up Work” is defined in Section 208.3 hereof.

“Closing” means the close of Escrow for the Conveyance of the Site from the Agency to the Developer, as set forth in Section 202 hereof.

“Closing Date” means the date of the Closing, as set forth in Section 202.4 hereof.

“Condition of Title” is defined in Section 203 hereof.

“Conforming Hotel Facility” means a limited service business hotel which conforms to all of the following: (i) the hotel shall contain not less than six (6) stories, (ii) the hotel shall have daily linen service, (iii) the hotel shall have a 24-hour-a-day staffed front desk with a pool, indoor exercise facility, central lobby area and porte cochere, (iv) the hotel is an Approved Product, and (v) the hotel is operated by an Approved Operator.

“Construction Disbursement Amount” means the total of amounts disbursed by the construction lender for the development of the Developer Improvements.

“Conveyance” means the conveyance of the Site by the Agency to the Developer on the Closing Date.

“Date of Agreement” means the effective date of this Agreement, as set forth in the first paragraph hereof.

“Default” means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

“Developer” means Palm Court Lodging, LLC, a Colorado limited liability company.

“Developer Certificate” means a certificate in the form of Attachment No. 5.

“Developer Improvements” means the new improvements to be constructed by the Developer upon the Site or within adjacent public right of way, all more particularly described in Section 301.1 hereof and in the Scope of Development, including, without limitation, all required parking and landscaping improvements. The Developer Improvements may, subject to the City’s entitlement and development approval standards and processes, including but not limited to landscaping, setback, and parking requirements, but shall not be required to contain one or two restaurant parcels suitable for the construction, use and operation of a restaurant or restaurants containing up to 20,000 square feet of floor area in the aggregate (the “Restaurant”). The Restaurant may be developed after the hotels have been completed and need not be developed concurrently with the hotels.

“Developer Payments” is defined in Section 312.

“Developer Promissory Note” means that certain promissory note in substantially the form of Attachment No. 3B.

“Developer’s Conditions Precedent” means the conditions precedent to the Closing for the benefit of the Developer, as set forth in Section 205.2.

“Developer’s Cost” means the total actual cost to the Developer of planning, designing, financing, constructing, and developing the Developer Improvements (in accordance with the plans and specifications to be acted upon by the City and Agency as provided in this Agreement, and including furnishings, fixtures, telephone, computer and other equipment) through the issuance of the Release of Construction Covenants, but specifically excluding the costs of inventory, equipment, and other personal property which is used on the Site, and the costs of operating and maintaining the Developer Improvements. The Developer’s Cost shall include but not be limited to the following costs which are actually incurred by the Developer: reasonable closing costs; costs of grading and site preparation; the cost of construction of all of the Developer Improvements, including architectural, engineering and design fees, and development, permit, and inspection fees charged by any public agency incurred and paid by the Developer; a construction management/development fee charged to the project not to exceed a total of ten percent (10%) of the direct cost of site preparation and construction of the Developer Improvements; construction interest during the construction period; construction loan fees and points, including those paid to third parties, which loan fees and points shall not exceed an amount reasonable and customary in the industry; performance and completion bond premiums; permanent loan fees and points; consulting and professional fees paid to third parties with respect to the construction of the Developer Improvements only; property taxes imposed with respect to the Site attributable to the construction period, insurance costs during the construction period, security costs during the construction period, utility costs during the construction period, maintenance expenses during the construction period, all expenses incurred during the construction period pursuant to the Maintenance Agreement, and any other actual costs to the Developer of planning, designing, financing, constructing, and developing the Developer Improvements which have not been paid by the Agency and/or City.

“Developer’s Environmental Consultant” means the environmental consultant which may be employed by the Developer pursuant to Section 208.2 hereof.

“Developer’s Environmental Reports” means the environmental investigation of the Site which may be conducted for the Developer by Developer’s Environmental Consultant, as set forth in Section 208.2 hereof.

“Eligible Persons” means any individual, partnership, corporation or association which qualifies as a “displaced person” pursuant to the definition provided in Government Code Section 7260(c) of the California Relocation Assistance Act of 1970, as amended, and any other applicable federal, state, or local regulations or laws.

“Environmental Reports” means the collective environmental investigations of the Site as reported in the Agency’s Environmental Report and the Developer’s Environmental Report which may be performed pursuant to Sections 208.1 and 208.2 hereof.

“Escrow” is defined in Section 202 hereof.

“Escrow Agent” is defined in Section 202 hereof.

“Estimated Acquisition Costs” means the Agency’s estimated cost to acquire and assemble the Site, which shall, for purposes of initially establishing the principal amount of the funds to be advanced by Developer pursuant to Section 201.1 hereof, is to be deemed to be equal to the sum of Seven Million Dollars (\$7,000,000.00) or, with the confirmation of both parties that the estimated

cost to acquire and assemble the Site is likely to exceed Seven Million Dollars (\$7,000,000.00), a greater amount.

“Exceptions” is defined in Section 203 hereof.

“Financing Costs” means costs incurred by Agency in conjunction with, associated with, or related to Developer’s procurement of financing for the acquisition of the Site and construction of the Developer Improvements, including without limitation reasonable costs incurred by the Agency for the drafting, review and approval by Agency counsel and/or staff of all financing documents pursuant to this Agreement by Agency counsel and staff, and reasonable costs incurred by Agency for the drafting, review, and negotiation by Agency counsel and/or staff of the terms of any documents proposed by Developer or its lenders for Agency or City execution in conjunction with such financing.

“Generated Revenues” means tax increment revenues received by the Agency, and transient occupancy tax and sales tax received by the City all of which are generated solely by the Site following completion of construction of the Developer Improvements in conformity with this Agreement (as evidenced by the recordation of a Release of Construction Covenants in the form of Attachment No. 7), net of the Prior Base Level.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Site.

“Grant Deed” means the grant deed for the conveyance of the Site from the Agency to the Developer, in the form of Attachment No. 3 hereto which is incorporated herein.

“Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tert butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.*

"Hotel" means a Marriott Courtyard Hotel, or a Springhill Suites Hotel, any other Marriott flag hotel, or any other limited service business hotel as determined by the Agency Director, to be developed pursuant to this Agreement.

"Maintenance Agreement" means the document to be recorded with respect to the Site which contains the Developer's continuing maintenance obligations with respect to the Site, as described in Section 403 hereof and in the form of Attachment No. 9 hereof.

"Map of the Site" means Attachment No. 1.

"Minimum Project Value" means an amount to be agreed upon between the parties based on the final design of the Developer Improvements prior to the Six Month Date.

"Minimum Required Cost" means an amount to be agreed upon between the parties based on the final design of the Developer Improvements prior to the Six Month Date, exclusive of land cost.

"Mortgage" is defined in Section 311.2 hereof.

"Net Revenues" means: (i) the Generated Revenues, less (ii) Agency Note Payments or portions thereof which have not previously been deducted from Generated Revenues; less (iii) the payments to the Developer pursuant to Section 311.7 hereof.

"Notice" shall mean a notice in the form prescribed by Section 601 hereof.

"Notice of Transfer" means the Notice from Developer to the Agency which includes the terms of the proposed transfer by the Developer of its interest in the Site and/or the Developer Improvements, as set forth in Section 603.5 hereof.

"Opening Date" shall mean the date on which the Project is scheduled to open for business to the public, as set forth in the Schedule of Performance.

"Operating Covenant Period" is defined in Section 402 of this Agreement.

"Order of Prejudgment Possession" means a judicial order or orders authorizing the Agency to take possession of the Site or portions thereof prior to final judgment(s) and order(s) of condemnation, as set forth in Section 201.2 hereof.

"Outside Date" shall mean December 31, 2002.

"Permanent Closure" means that the operation of a Conforming Hotel Facility on the Site has ceased for more than one hundred eighty (180) days; however, Palm Court Lodging, LLC, or another Approved Operator shall not be deemed to have a Permanent Closure if the closure is due to events of repair, alteration, construction, remodeling, or force majeure as set out in this Agreement (an "Excused Closure"); provided that in no event shall the period of Excused Closure exceed one (1) year. Such events must be sufficient, in the exercise of reasonable business judgment of both the Agency and the Developer, to justify temporary closure of the Conforming Hotel Facility.

"Principals" means Gary Rohr, Navin Dimond, Troy C. McWhinney and Chad McWhinney.

“Prior Base Level” means Sixty Thousand Dollars (\$60,000).

“Project” means the Developer Improvements, consisting of two (2) Conforming Hotel Facilities which are Approved Products.

“Promissory Note” or “Agency Promissory Note” shall mean the promissory note to be executed by the Agency in the form of Attachment No. 3 and as set forth in Section 201.3.

“REA” means a reciprocal easement and operation agreement prepared by Developer and which has been approved by the Agency Director, in his sole and absolute discretion, to be executed by and between the Developer and the Agency, and recorded against the Site, which: (i) provides reciprocal easements for ingress, egress and parking between and among the Hotels; and between the Hotels and the Crowne Plaza Hotel located to the north of the Site; (ii) provides reciprocal easements for future ingress, egress, and parking on the Site for the benefit of the real property located adjacent to the Site to the west, as depicted on the Site Map, to the extent such real property is redeveloped by the Agency or another developer under contract with the Agency as a commercial property to be accessed via the Developer’s driveway access from Harbor Boulevard (the “Phase II Parcels”); (iii) provides for the owner(s) of the Site and/or the Phase II Parcels to cooperatively fund the construction of a drive aisle from Harbor Boulevard at Developer’s access driveway to the Phase II Parcels, as applicable, and to replace, in such event, any parking displaced by the creation of such drive aisle; (iv) provides for the pro rata payment of costs of maintenance by the Owner of the Site and the owner(s) of the Phase II Parcels (if and to the extent the Phase II Parcels are served by ingress, egress and parking on the Site) including payment of the cost of areas on the Site to be devoted to ingress, egress, parking, landscaping, and signage (excepting signage affixed to the respective buildings to be developed on the Site the maintenance and repair of which shall be the sole responsibility of the building owner); (v) is in form and substance acceptable to the Agency and the Developer, (vi) provides the Agency with the right, but not the obligation, to enter, remedy deficiencies in maintenance, and recover its costs from the owners of the land subject to the REA; (vii) provides that the Agency and the City shall have no financial or other obligations pursuant to the REA; (viii) provides that the REA cannot be amended without the prior written approval of the Agency; (ix) provides for the prohibition of conduct of noxious uses on the Site, such as massage parlors, adult theaters, adult entertainment and paraphernalia, and liquor stores (excluding the sale of alcoholic beverages for on premises consumption as part of any Conforming Hotel Facility and/or the Restaurant; and (x) provides for the restriction of the Site to certain permitted uses, only, which shall include hotel and restaurant use and other related ancillary uses. The REA also may, but is not required to, provide reciprocal easements for future ingress, egress and parking on the Site for the benefit of the real property located adjacent to the Site to the north, as depicted on the Site Map.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project, adopted by Ordinance No. 1339 of the City Council of the City of Garden Grove, as amended as of the date of this Agreement, which Redevelopment Plan, as so amended, is incorporated herein by reference.

“Redevelopment Project” means the Garden Grove Community Project, adopted by the City pursuant to the Redevelopment Plan.

“Related Entity” means an entity in which substantially all ownership interests are held by one or more of the Principals.

“Release of Construction Covenants” means the document which evidences the Developer’s satisfactory completion of the Developer Improvements, as set forth in Section 310 hereof, in the form of Attachment No. 8 hereto which is incorporated herein.

“Report” means the preliminary title report, as described in Section 203 hereof.

“Repurchase Amount” means an amount equal to the sum of: (i) Construction Disbursement Amount, and (ii) the Verified Developer Contribution Amount.

“Sales and Use Tax Revenue” means that portion of taxes derived and received by the City from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law, California Revenue and Taxation Code Section 7200, *et seq.*, as amended, or any successor statute, law or regulation, arising from transactions which occur on the Site.

“Schedule of Performance” means the Schedule of Performance attached hereto as Attachment No. 6 and incorporated herein, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency’s Director, and the Agency’s Director is authorized to make such revisions as he or she deems reasonably necessary.

“Scope of Development” means the Scope of Development attached hereto as Attachment No. 7 and incorporated herein, which describes the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement.

“Secondary Conditions Precedent” is defined in Section 313.

“Site” means that area consisting of approximately five and one-half (5.5) acres as depicted on the Map of the Site.

“Six Month Date” means the 180th day following the date the Agency approves this Agreement. Notwithstanding any provision of this Agreement to contrary effect, the Six Month Date shall not be subject to Section 602.

“Six Month Requirements” means all of the following: (i) the submittal by the Developer to the Agency of fully executed franchise agreements for the operation on the Marriott Courtyard Inn and the Springhill Suites Hotels, or two (2) other Approved Products; (ii) the submittal by the Developer to the Agency of a fully executed operating agreement with an Approved Operator; (iii) the submittal by the Developer to the Agency of Preliminary Evidence of Financing; (iv) the submittal by the Developer to the Agency of the REA, executed by the Developer; and (v) the submittal by the Developer to the City of completed applications for all land use entitlements associated with the Project.

“Studies” are defined in Section 207 hereof.

“Threshold Amount” is defined in Section 208.3 hereof.

“Title Company” is defined in Section 204 hereof.

"Title Policy" is defined in Section 204 hereof.

"Transfer" is defined in Section 603.1 hereof.

"Transient Occupancy Tax" means taxes derived and received by the City pursuant to Chapter 3.12 of the Garden Grove Municipal Code, as amended, or any successor statute, law or regulation, arising from the operation of a Conforming Hotel Facility on the Site.

"Verified Developer Contribution Amount" means moneys of the Developer, if any, expended for the development of the Developer Improvements, exclusive of funds provided by a construction or permanent lender or debt service payments in connection therewith; provided that: (i) only out-of-pocket expenditures to unrelated third parties shall be countable; (ii) the Developer shall certify, in the form of the Developer Certificate, as to such expenditures, and the construction lender shall confirm in writing such expenditures in the form of the Developer Certificate, and (iii) interest during the construction period under the construction loan shall be included as provided in the definition of "Developer's Cost".

"Year" means a period commencing on the earlier of (i) the Opening Date or (ii) the date on which the Project opens for business, and ending 365 days from such date, and each of the next six (6) 365 day periods.

200. ACQUISITION AND CONVEYANCE OF THE SITE

201. Acquisition and Disposition of the Site.

201.1 Agency Loan. The Developer shall advance to the Agency, within ten (10) days following Agency's written request therefore, immediately available funds in the amount of fifty percent (50%) of the Estimated Acquisition Cost not to exceed Three Million Five Hundred Dollars (\$3,500,000.00) (the "Developer Advance"), with which Agency shall pay the Acquisition Costs, if any, incurred for the acquisition of the Site. All funds advanced by Developer pursuant to this Section 201.1, plus any loan fees and legal fees payable by Developer in conjunction with the financing of the Developer Advance, less the Financing Costs, constitute the Agency Loan, which shall be repayable to Developer pursuant to Section 201.3 hereof. The foregoing notwithstanding, Developer shall not be required to make such advance to the Agency until such time as the last of the following conditions shall have been reasonably satisfied: (i) the Agency shall have approved and executed this Agreement, (ii) the City shall have issued all necessary discretionary governmental entitlements required for Developer to develop and construct the Developer Improvements to the Site specifically including, without limitation, specific site plan approval(s), conditional use permit(s), zoning approvals, parcel map and all other subdivision approvals, (iii) the Agency shall have made a determination to acquire the Site pursuant to Section 201.2, and, if necessary, shall have adopted a resolution of necessity authorizing the condemnation of any portion of the Site which the Agency is unable to acquire voluntarily; and (iv) the City and the Agency have entered into a cooperation agreement or otherwise made arrangements providing for the City to advance to the Agency, to the extent necessary to allow the Agency to meet its financial obligations set forth herein, and subject to the availability of City revenues and the appropriation of funds for such purpose, funds to be used for repayment of the Agency Loan approved in writing by Developer and Developer's lender.

201.2 Agency Acquisition of the Site. The Agency agrees to consider in good faith, the acquisition of the parcels comprising the Site, and, to the extent Agency decides to acquire

the Site, to diligently pursue such acquisition in accordance with all applicable laws, including without limitation, and to the extent applicable, the California Eminent Domain Law (Code of Civil Procedure Section 1230.010 *et seq.*). The Agency and Developer hereby agree and acknowledge that the Agency is not by this Agreement obligated to acquire the Site, nor to commence eminent domain proceedings. Agency and Developer further acknowledge and agree that Agency shall not consider acquisition of the Site unless and until all the conditions set forth in clauses (i), (ii), and (iv) of Section 201.1 have been satisfied, and the Six Month Requirements have been satisfied.

Subject to the willingness of the Title Company to issue its title policy insuring that the Developer is fee owner of the Site upon conveyance by the Agency in conformity with the remaining portion of this Section 201.1, the Agency agrees to convey to the Developer the Site and the Developer agrees to acquire the Site from the Agency, in accordance with and subject to all of the terms, covenants, and conditions of this Agreement, including the Agency's Conditions Precedent and the Developer's Conditions Precedent as set forth in Sections 205.1 and 205.2 hereof. The conveyance of the Site from the Agency to the Developer (the "**Conveyance**") shall be accomplished through the execution and recordation in the official records of Orange County of the Grant Deed in the form of Attachment No. 3 hereto, which is incorporated herein. In the event that the Agency is unsuccessful in acquiring one or more of the parcels composing the Site by the time set forth in the Schedule of Performance, the Developer may, in its sole discretion, terminate this Agreement in the manner set forth in Section 503 hereof by providing notice to the Agency in accordance with Section 601 below.

In the event of termination pursuant to this Section 201.2, Agency hereby waives and releases the Developer, and its officers, employees, and representatives from any liability to Agency resulting from such termination excepting only Developer's indemnification obligations set forth in Section 504 hereof. In the event of termination pursuant to this paragraph, Agency shall be entitled to retain the Retention pursuant to Section 504 hereof provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note.

Notwithstanding any other provision of this Agreement to the contrary, if at any time prior to the Agency's acquisition of title to the Site in the condition for conveyance as required herein:

(a) the Agency provides to the Developer a copy of one or more effective orders of prejudgment possession as to all or any portion of the Site for a period of up to one (1) year for which fee title has not yet been acquired, and:

(b) the Agency delivers title to and exclusive possession of the portion of the Site as to which the Agency holds title, and exclusive possession of and the right to any subsequently acquired title or claim or title to the balance of the Site; and

(c) the right of possession and subsequently acquired title conveyed by the Agency to the Developer is sufficient to enable the Developer to obtain a title insurance policy, for the Agency to record a parcel map for the Site (whether or not such parcel map has actually recorded), and for the Developer to close its financing for the construction of the Developer Improvements on the Site and immediately obtain the required building permit and commence construction of the Developer Improvements; and

(d) the portions of the Site covered in Paragraphs (a) and (b) of this Section 201.2, above, comprise One Hundred percent (100%) of the Site

then, if the Agency elects to convey in whole or in part on the basis of Orders of Prejudgment Possession, and provided the Agency shall have completed the Clean-Up of the Site or shall have undertaken those actions, if any, as may be indicated by the Agency's Environmental Consultant as necessary to cause the Site to conform to applicable attainment levels as established as of the Conveyance, the Developer shall accept title to the portion of the Site the Agency owns and possession of the remaining portion of the Site, and the Developer shall proceed with the development of the Site, with the date of transfer of possession from the Agency to the Developer treated the same as the date for the close of Escrow for purposes of the Developer's obligation to proceed with and complete construction of the Developer Improvements.

Developer acknowledges and agrees that Agency is not obligated to acquire the Site, notwithstanding any other provision to the contrary in this Agreement. In the event Agency is unable or elects not to acquire the Site, by the time set forth in the Schedule of Performance, the Agency may, in its sole discretion, terminate this Agreement in the manner set forth in Section 503 hereof by providing notice to the Developer in accordance with Section 601 below. In the event of termination pursuant to this Section 201.2, Developer hereby waives and releases Agency, City, and their respective officers, employees, and representatives from any liability to Developer resulting from such termination excepting only for the repayment of the Excess Retention in accordance with Section 504 hereof.

201.3 Agency Promissory Note. The Agency's obligation to repay the Agency Loan to the Developer shall be set forth in a promissory note in the form of Attachment No. 3A hereof which is incorporated herein (the "**Promissory Note**"). The Promissory Note shall be payable by the Agency pursuant to the terms contained therein. The Promissory Note shall be fully repaid over a fifteen (15) year period in equal monthly payments (15 year, fully amortized loan) and shall bear interest at a rate equal to the rate charged to Developer by Developer's approved lender plus fifty (50) basis points. The Agency shall use all reasonable efforts to enter into a cooperation agreement with the City of Garden Grove or some other arrangement pursuant to which the City shall, subject to annual appropriations and the availability of uncommitted city funds, agree to loan to Agency such amounts as may be necessary to ensure the Agency's ability to make such payments.

The principal amount of the Promissory Note shall be subject to adjustment based upon payments made by the Agency to the Developer. The Agency shall make monthly payments (or however frequently Developer must make payments on Developer's financing of the Agency Loan) on the Promissory Note (each of which, when paid, is deemed an "Agency Note Payment"), commencing on the first day of the first full calendar month following the Closing, or the first day of the first full calendar month following the termination of this Agreement for any reason, whichever occurs first, until the Agency Loan is paid in full.

201.4 Developer Promissory Note. In the event the Agency completes its acquisition of the entire Site pursuant to Section 201.1 hereof, and conveys the Site to Developer as set forth herein, the full amount of Acquisition Costs paid by the Agency shall be deemed to be a loan to the Developer. Developer agrees to execute, prior to and as a condition of closing, a promissory note in substantially the form of Attachment No. 3B evidencing the Developer's obligation to repay to the Agency the Acquisition Costs (the "**Developer Note Amount**") in the event the Developer does not uphold its covenant to continuously operate the Developer Improvements on

the Site pursuant to Section 301 hereof (the "**Developer Promissory Note**"). The Developer Promissory Note shall be for a term of ten (10) years, commencing upon the Closing Date, and shall bear no interest.

The principal amount of the Developer Promissory Note shall be subject to adjustment for the Credit Adjustment, as set forth below.

In calculating the amount which remains due and owing under the Developer Promissory Note, and provided that the Secondary Conditions Precedent have been satisfied, after the end of each of the first ten (10) Annual Periods, the Agency shall reduce the amount owing pursuant to the Developer Promissory Note by an amount (the "Credit Amount"), if any, equal to the Generated Revenues received and retained by the Agency and or the City from the operation of the Project in conformity with this Agreement during the preceding Annual Period, less any Developer Payments made in accordance with Section 311.7 therefrom, provided that such Credit Amounts as aggregated shall in no event exceed the Developer Note Amount. The application of a credit pursuant to this paragraph constitutes a "Credit Adjustment." No payments shall be made to the Developer by virtue of this Section 201.4; provided that Section 311.7 shall be enforceable according to its terms. For purposes of determining the amount of Generated Revenues less Developer Payments made therefrom, and the corresponding Credit Amount, all Developer Payments shall be deemed to be made from Generated Revenues earned during the Annual Period in which such payments are made.

For purposes of this Section 201.4, the first "Annual Period" shall be the period which commences on the earlier of (i) the opening for business of the first Conforming Hotel Facility, or (ii) the time established in the Schedule of Performance for the opening for business of the first Conforming Hotel Facility on the Site, and ends three hundred sixty five (365) days from such commencement. Each subsequent three hundred sixty five (365) day period shall constitute an "Annual Period."

Concurrently with their filing with the applicable governmental agencies, the Developer shall provide the Agency with copies of each and every sales and use tax return that it has filed during the Annual Period with respect to the Site. Upon written request by the Agency, the Developer shall promptly take any and all actions which are reasonably deemed necessary by the Agency to assist the Agency in obtaining access to any and all records of the State Board of Equalization and the City which may be pertinent to Sales and Use Tax Revenues and/or Transient Occupancy Tax Revenues, including records pertinent to the Site, the Conforming Hotel Facilit(ies), and the Developer, in order to enable the Agency to verify the information contained in said tax returns or reports and to verify such tax revenues. In the event that the Agency reasonably requires the receipt of additional information in order to verify the information contained in such sales and use tax returns and such tax revenues, the Agency shall notify the Developer in writing that such information is required. The Developer shall promptly obtain and furnish to the Agency any and all said information as is necessary in order for the Agency to verify the information contained in such tax returns and such tax revenues. The Agency shall have a reasonable amount of time, which is anticipated to be thirty (30) days subject to the receipt of complete information, to verify the information concerning tax revenues as received from the Developer pursuant to this Section 201.4.

The Promissory Note shall be subject to acceleration as provided in Section 9 of the Promissory Note.

202. Escrow. By the time established therefor in the Schedule of Performance, the parties shall open escrow (“Escrow”) with First American Title Insurance Company or another escrow holder mutually satisfactory to both parties (the “Escrow Agent”).

202.1 Costs of Escrow. Agency and Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 204 hereof, the Agency shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Site, and Developer and Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from Escrow.

Documentary Transfer Tax - \$1,012.00.

Escrow Fee (1/2) - \$1,092.50.

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies after the Closing. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If in the opinion of either party it is necessary or convenient in order to accomplish the Closing of this transaction, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing shall take place when both the Agency’s Conditions Precedent and the Developer’s Conditions Precedent as set forth in Section 205 have been satisfied or effectively waived by the party for whose benefit they are included. Escrow Agent is instructed to release Agency’s escrow closing and Developer’s escrow closing statements to the respective parties.

202.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Developer and Agency for their respective shares of the premium of the Title Policy as set forth in Section 204 and shall charge the Agency with any amounts necessary to place title in the condition necessary to satisfy Section 203 of this Agreement.

(b) Pay and charge Developer and Agency for their respective shares of any escrow fees, charges, and costs payable under Section 202.1 of this Agreement.

(c) Pay and charge Developer for any endorsements to the Title Policy or extended coverages which are requested by the Developer.

(d) Disburse funds, deliver and record the Grant Deed (if applicable), the REA and the Maintenance Agreement, then such deed of trust as may be recorded in connection with the provision of construction financing for the Developer Improvements, when both the Developer’s Conditions Precedent and the Agency’s Conditions Precedent have been fulfilled or waived by Developer and Agency.

(e) Do such other actions as necessary to fulfill its obligations under this Agreement.

(f) Within the discretion of Escrow Agent, direct Agency and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

(g) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

202.4 Closing. This transaction shall close (“Closing”) within thirty (30) days of the satisfaction or waiver of all of Agency’s and Developer’s Conditions Precedent to Closing as set forth in Section 205 hereof, but in no event later than the Outside Date unless otherwise agreed to by the parties. The “Closing” shall mean the time and day the Grant Deed is filed for record with the Orange County Recorder. The “Closing Date” shall mean the day on which the Closing occurs.

202.5 Termination. If (except for deposit of funds by the parties, which shall be made at least one (1) day before the Closing) Escrow is not in condition to close by the Outside Date, then either party which has fully performed under this Agreement may, in writing, terminate this Agreement. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate until five (5) days after Escrow Agent shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Termination of this Agreement shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. Upon termination, the provisions of Section 504 shall be applicable hereto provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

202.6 Closing Procedure. Escrow Agent shall close Escrow for the Site as follows:

(a) Record the Grant Deed, the REA, and the Maintenance Agreement with instructions for the Recorder of Orange County, California to deliver the Grant Deed and the REA to the Developer and the Maintenance Agreement to the Agency;

(b) Instruct the Title Company to deliver the Title Policy to Developer, with a copy to the Agency;

(c) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(d) Deliver the FIRPTA Certificate, if any, to the Developer;

(e) Disburse the Purchase Price to Agency, in the form of the Developer Promissory Note (provided that the Agency shall inform the Escrow Agent if the Developer has prepaid any portion of the Purchase Price outside of escrow, and such amounts shall be credited); and

(f) Forward to both Developer and Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. The Agency shall cause a title company mutually agreeable to both parties (the "**Title Company**"), to deliver to Developer a standard preliminary title report (the "**Report**") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions ("**Exceptions**") set forth in the Report, within fifteen (15) days from the date of this Agreement. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

(a) The Redevelopment Plan.

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

(c) The provisions of the Grant Deed and the Maintenance Agreement.

(d) Any incidental easements or other matters affecting title which do not materially impact the Developer's use of the Site as proposed on the Preliminary Site Plan including, without limitation, the unobstructed construction of the Developer Improvements.

(e) The REA.

Developer shall have thirty (30) days from the date of its receipt of the Report and all of the Exceptions to give written notice to Agency and Escrow Holder of Developer's approval or disapproval of any of such Exceptions. Developer's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report. If Developer notifies Agency of its disapproval of any Exceptions in the Report, the Agency shall have ten (10) days from the receipt of written notice of disapproval by the Developer to determine whether or not it will undertake the removal of any disapproved Exceptions. If the Agency elects to remove such Exceptions, it shall diligently proceed to effect the removal of such Exceptions. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have ten (10) business days after the expiration of such ten (10) business day period to either give the Agency written notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title approved by Developer as provided herein shall hereinafter be referred to as the "**Condition of Title.**" Developer shall have the right to approve or disapprove any additional and previously unreported Exceptions reported by the Title Company after Developer has approved the Condition of Title for the Site (which are not created by Developer). Agency shall not voluntarily create any new exceptions to title following the Date of Agreement with out Developer's prior written approval, which approval shall not be unreasonably withheld.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to the Site, there shall be issued to Developer an ALTA owner's policy of title insurance (the "**Title Policy**"), together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in Developer in the condition required by Section 203 of this Agreement. If the Agency has acquired possession but not title to all or any portion of the Site, such title policy shall be in accordance with Section 201.2(b) hereof. The Title Company shall provide the Agency with a copy of the Title Policy. The Title Policy shall be in an amount equal to the lesser of the appraised value of the Site as determined by the Developer's lender's appraiser, and the compensation actually paid to the owner(s) thereof by the Agency to acquire the Site pursuant to Section 201.2. The Agency agrees to remove on or before the Closing any deeds of trust or other monetary liens against the Site. **The Agency shall pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy.** Any Standard Owners additional costs, including the cost of an ALTA policy or any endorsements requested by the (CLTA) - \$2,062.00 Developer, shall be borne by the Developer.

205. Conditions of Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

205.1 Agency's Conditions of Closing. Agency's obligation to proceed with the Closing of the sale of the Site is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (o), inclusive, described below ("**Agency's Conditions Precedent**"), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** Prior to the Close of Escrow, Developer shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

(b) **Execution and Delivery of Documents.** The Developer shall have executed the Grant Deed, the REA, the Developer Promissory Note and the Maintenance Agreement and executed any other documents required hereunder and shall have delivered such documents into Escrow.

(c) **Payment of Funds.** The Developer has advanced the funds required under Section 201.1 and has paid into Escrow all required costs of Closing in accordance with Section 202 hereof.

(d) **Acquisition of the Site.** The Agency shall have acquired title to or effective legal rights of possession of the entire Site, or shall be ready to acquire title to the entire Site concurrently with the Closing, in accordance with Section 201.2 hereof.

(e) **Design Approvals.** The Developer shall have obtained approval by the Agency and City of the Basic Concept Drawings, the Design Development Drawings, and the Construction Drawings as set forth in Section 302 hereof.

(f) **Land Use Approvals.** The Developer shall have received all land use approvals which are required pursuant to Section 303 hereof.

(g) **Insurance.** The Developer shall have provided proof of insurance as required by Section 306 hereof.

(h) **Financing.** The Agency shall have approved financing of the Developer Improvements as provided in Section 311.1 hereof, and such financing shall have closed and funded or be ready to close and fund upon the Closing.

(i) **Operator Approval.** The Developer or a Related Entity shall have entered into a binding agreement, in form and substance reasonably acceptable to the Agency Director, with one or more Approved Operators pursuant to which the Approved Operator or Approved Operators have committed to operate each of the Conforming Hotel Facilities on the Site, subject only to the completion of the corresponding Approved Product or Products.

(j) **Entitlements.** The Parcel Map for the Site shall have been recorded in the official records of the County of Orange, and the general plan and zoning designations of the Site shall have been amended, in accordance with Section 303 hereof in the event any such amendments are required by the City as a condition to the development or operation of the uses provided for in Section 402 of this Agreement.

(k) **Plans and Permits.** The Developer shall have obtained City approval of its final building plans for all of the Developer Improvements, and building permits shall be ready to be issued upon payment of necessary fees, and posting of required security.

(l) **General Contractor Contract.** The Developer shall have provided the Agency Director a copy of a valid and binding contract, with a guaranteed fixed-price for the completed Developer Improvements, between the Developer and one or more general contractors for the construction of the Developer Improvements, certified by the Developer to be a true and correct copy thereof, and the Agency Director shall have approved such contractor(s) and contract(s). The Agency Director shall act reasonably in connection with the review and approval of such contractor(s) and contract(s).

(m) **Completion Bond.** If required by the Agency Director, the Developer shall have provided to the Agency a completion bond guaranteeing completion of the Developer Improvements. The completion bond shall be enforceable by the Agency, and shall be in form and by a bonding company acceptable to the Agency Director in his reasonable discretion.

(n) **Franchiser Approval.** The Developer or its Approved Operator shall have entered into binding agreements in form and substance reasonably acceptable to the Agency Director, with the franchiser for the Marriott Courtyard Inn and Springhill Suites Hotels, or two (2) other Approved Products which are designated for operation of two Conforming Hotel Facilities on the Site.

(o) **Relocation.** Agency shall have approved a Relocation Plan, if required, for the Site, and such Relocation Plan shall have been approved by the City.

(p) **Developer Certificate.** The Developer shall deliver to the Agency a Developer Certificate.

205.2 Developer's Conditions of Closing. Developer's obligation to proceed with the purchase of the Site is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (k), inclusive, described below ("**Developer's Conditions Precedent**"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** Prior to the Close of Escrow, Agency shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Agency shall have executed the Grant Deed, Promissory Note, and Maintenance Agreement and any other documents required hereunder, and delivered such documents into Escrow.

(c) **Review and Approval of Title.** Developer shall have reviewed and approved the condition of title of the Site, as provided in Section 203 hereof.

(d) **Title Policy.** The Title Company shall, upon payment of Title Company's regularly scheduled premium, have agreed to issue to the Developer the Title Policy for the Site upon the Close of Escrow, in accordance with Section 204 hereof.

(e) **Environmental.** The Developer shall have approved the physical and environmental condition of the Site and shall not have elected to cancel Escrow and terminate this Agreement pursuant to Section 208 hereof.

(f) **Acquisition of Site.** The Agency shall have acquired title to or effective legal rights of possession of the entire Site, or shall be ready to acquire title to the entire Site concurrently with the Closing, in accordance with Section 201.1 hereof.

(g) **Relocation.** The Agency shall have relocated all persons from the Site in accordance with Section 309.4 hereof.

(h) **Entitlements.** The Parcel Map for the Site shall have been recorded in the official records of the County of Orange (or shall be recorded upon transfer of title to the Site to Developer), and the general plan and zoning designations of the Site shall have been amended, and specific site plan approval, design review approval, and, if applicable, conditional use permit approval shall have been obtained in accordance with Section 303 hereof.

(i) **Plans and Permits.** The Developer shall have obtained City approval of its final building plans for all of the Developer Improvements, and building permits shall be ready to be issued (upon payment of necessary fees, posting of required security, and similar items).

(j) **Site Preparation.** The Site shall have been cleared, including demolition and removal of foundations.

(k) **Clean-Up.** The Agency shall have completed the Clean-Up of the Site and obtained the applicable certifications and closure letters all as provided under Section 208.3 hereof, or shall have undertaken those actions approved in writing by Developer, if any, as may be

indicated by the Agency's Environmental Consultant as necessary to cause the Site to ultimately conform to applicable attainment levels as established as of the Conveyance.

206. Representations and Warranties.

206.1 Agency Representations. Agency represents and warrants to Developer as follows:

(a) **Authority.** Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority to acquire, grant, sell and convey the Site (or portion thereof) as provided herein, subject to the Agency's acquisition of the Site as provided herein, and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

(b) **FIRPTA.** Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute, or is exempt from the provisions of FIRPTA or any similar state statute, or Agency has complied and will comply with all the requirements under FIRPTA or any similar state statute.

(c) **No Conflict.** To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

Until the Closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 not to be true as of Closing, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Developer elects to close Escrow following disclosure of such information, Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Developer elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder except as set forth in Section 504 hereof and as set forth in any other provision of this Agreement which expressly survives the termination of this Agreement. The representations and warranties set forth in this Section 206.1 shall survive the Closing.

206.2 Developer's Representations. Developer represents and warrants to Agency as follows:

(a) **Authority.** Developer is a duly organized limited liability company established within and in good standing under the laws of the State of Colorado, and is authorized to do business in the State of California. The copies of the documents evidencing the organization of the Developer which have been delivered to the Agency are true and complete copies of the originals, as amended to the date of this Agreement. Developer has full right, power and lawful authority to purchase and accept the conveyance of the Site (or portion thereof) and undertake all obligations as

provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer.

(b) **Experience.** Developer and/or its Principals are experienced developers and operators of hotels.

(c) **No Conflict.** To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

(d) **No Developer Bankruptcy.** Developer is not the subject of a bankruptcy proceeding.

(e) **Developer Certificate.** All information contained in any Developer Certificate shall be true, accurate and complete.

(f) **Franchise Fee.** Upon the mutual execution of this Agreement, Developer will pay to the franchisor(s) of Marriott Courtyard Hotels and Springhill Suites Hotels a franchise fee applicable only to the Marriott Courtyard Hotel and Springhill Suites Hotel on the Site.

Until the Closing, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.2 not to be true as of Closing, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Agency elects to close Escrow following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Agency elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder except as otherwise set forth in Section 504 hereof, and any other provisions of this Agreement which expressly survives the termination of this Agreement. The representations and warranties set forth in this Section 206.2 shall survive the Closing.

207. Studies and Reports. Within thirty (30) days after the Date of Agreement, representatives of Developer shall have the right of access to all studies and reports held by the Agency regarding the Site, for the purpose of analyzing the suitability of the Site for the project contemplated herein. If and when the Agency obtains the right to enter upon the Site, representatives of the Developer shall have the right of access to all portions of the Site pursuant to such right of Agency to enter therein for the purposes of obtaining data and making surveys and tests necessary to carry out this Agreement, including without limitation the investigation of the environmental condition of the Site pursuant to Section 208 hereof.

Any preliminary work undertaken on the Site by Developer prior to the Closing pursuant to this Agreement, except as otherwise expressly provided for herein, shall be done at the sole expense of the Developer. Any preliminary work shall be undertaken only after compliance with Section 208, as required, securing any necessary permits from the appropriate governmental

agencies or any orders from the appropriate court of law and the Developer's execution of a right of entry agreement to be provided by the Agency.

208. Condition of the Site.

208.1 Disclosure. The Agency and the Developer hereby represent and warrant to the other that they have no Actual Knowledge, and have not received any notice or communication from any government agency having jurisdiction over the Site, notifying such party of, the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof. "Actual Knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the actual knowledge of the Agency and Developer employees and agents who have participated in the preparation of this Agreement.

208.2 Investigation of Site. If and when Agency obtains the right to enter upon the Site to conduct tests, examinations, and other investigations thereof, Agency shall, at Agency's sole cost, engage an environmental consultant reasonably acceptable to Agency and Developer ("**Agency's Environmental Consultant**") to conduct such investigations and tests as Agency deems necessary to ascertain the environmental condition of the Site, including a Phase I Environmental Assessment. Agency shall provide to Developer (and any potential tenants of the Site when requested by Developer) copies of the Phase I Environmental Assessment and any other environmental assessments and tests conducted by Agency or Agency's Environmental Consultant on the Site. At Developer's request, and so long as Developer agrees to and does pay any additional cost incurred by Agency as a result of such addressing, the Phase I Environmental Assessment shall be addressed to the Agency and Developer.

To the extent Developer deems further investigation or testing necessary to ascertain the environmental condition of the Site (the "**Investigations**"), Developer may, at Developer's sole cost and expense, engage an environmental consultant (the "**Developer's Environmental Consultant**") reasonably acceptable to Agency to make such Investigations as Developer reasonably deems necessary to ascertain the environmental condition of the Site. Prior to and as a condition precedent to conducting any such Investigations, Developer shall (a) deposit with Agency immediately available funds in an amount equal to the deposit required by the owner or owners of the Site or the court with jurisdiction over the Site to obtain permission to conduct such Investigations (the "**Testing Deposit**"); (b) secure any necessary permits from appropriate governmental agencies, and (c) execute a right of entry agreement to be provided by the Agency. The Developer shall provide or cause to be provided, within ten (10) days after Developer's receipt thereof, copies of all reports, test results, and other information obtained or produced through such Investigations to Agency.

The Developer shall reasonably approve or disapprove of the environmental condition of the Site within forty-five (45) days after Agency's acquisition of the right of entry onto the Site. The Developer's approval of the environmental condition of the Site shall be a Developer's Condition Precedent to the Closing, as set forth in Section 205 hereof. If the Developer, based upon the above environmental reports, reasonably disapproves the environmental condition of the Site, then the Developer may terminate this Agreement by written Notice to the Agency; provided, however, if the Agency, at its option, agrees to clean up the Site in accordance with the recommendations of the Developer's Environmental Reports and/or the Agency's Environmental Reports (hereafter collectively, the "**Environmental Reports**") and all Governmental Requirements

at Agency's sole cost and expense, such termination shall be ineffective. In such event, the Agency shall be required to clean up the Site prior to and as a Developer Condition to Closing.

208.3 Clean-Up of Site. If the Agency and Developer, based upon the above Environmental Reports, reasonably estimate and agree that the cost of clean-up of the Site in accordance with all Governmental Requirements (the "**Clean-Up Cost**"), exclusive of the cost to remove any asbestos from the Site (which cost shall be borne solely by the Agency), is One Hundred Thousand Dollars (\$100,000.00) or less (the "**Threshold Amount**"), then Agency shall be required to fund the Clean-Up Cost, not to exceed the Threshold Amount. All costs of such clean-up in excess of the Threshold Amount shall be paid by the Developer.

If Agency, based upon the above Environmental Reports, reasonably estimates that the projected Clean-Up Cost of the Site exceeds the Threshold Amount, then Agency or Developer may terminate this Agreement by Notice to the other; provided, however, that if Developer or Agency each at its option, agrees in writing to pay the excess of the actually incurred Clean-Up Cost over the Threshold Amount, such termination shall be ineffective. In such event, Agency shall be required to fund the portion of the Clean-Up Cost up to the Threshold Amount as a Developer's Condition to Closing, and the party so electing to pay the overage shall be required to fund the portion the Clean-Up Cost which exceeds the Threshold Amount.

If the Agency is required or otherwise elects to fund all or a portion of the clean-up of the Site, the Agency may elect to perform the clean-up of the Site itself by giving Developer Notice of such election concurrently with the giving of Notice of its intent to fund all or a portion of the clean-up. Agency shall, in such event, deliver to Developer within ten (10) days following such notice, a proposed plan for such clean-up ("**Clean-Up Plan**"), which Clean-Up Plan shall be approved by an appropriate public agency asserting jurisdiction over the remedial work to be performed pursuant to the Clean-Up Plan (the "**Clean-Up Work**"). The Clean-Up Work shall be performed in accordance with applicable Governmental Requirements and Environmental Laws. The Agency shall proceed continuously and diligently with the Clean-Up Work. In the event Agency has elected to clean up the Site, the Agency's compliance with the provisions of this Section 208.3, and the issuance of closure letters without any requirement of further clean-up work by all governmental agencies which have asserted jurisdiction over the clean-up of the Site, shall each be a Developer's Condition Precedent to the Closing.

208.4 Grading of the Site. If, in the course of conducting the Investigations, Developer determines that the costs of grading and preparing the Site for development, specifically including but not limited to the costs of importing or exporting of dirt to or from the Site, if required, will exceed the normal and customary costs thereof, Developer and Agency may agree in writing that each shall pay for half the costs of such excessive grading expenses as they are incurred by Developer.

208.5 No Further Warranties As To Site; Release of Agency. Except as otherwise provided herein, and specifically subject to Sections 205.2 (g), 205.2 (j), 205.2 (k), 208.2 and 208.3, the physical condition, possession or title of the Site is and shall be delivered from Agency to Developer in an "as-is" condition, with no warranty expressed or implied by Agency, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Site for the development purposes intended hereunder. To the extent authorized by contract or law, the Agency

shall assign to the Developer all warranties and guaranties with respect to the environmental condition of the Site, if any, that the Agency has received from prior owners of the Site.

Subject to the Agency's completion of its obligations under Sections 205.2 (g), 205.2 (j), 205.2 (k), 208.2 and 208.3 hereof, Developer hereby waives, releases and discharges forever the Agency and the City, and their employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Site, any Hazardous Materials on the Site, or the existence of Hazardous Materials Contamination due to the generation of Hazardous Materials from the Site, however they came to be placed there, except that arising out of the negligence or misconduct of the Agency or its employees, officers, agents or representatives.

The Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

As such relates to this Section 208.5, effective as of the Closing, the Developer waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

208.6 Developer Precautions After Closing. Upon the Closing, the Developer covenants and agrees that it shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials.

208.7 Developer Indemnity. Upon the Closing, Developer covenants and agrees to indemnify, defend and hold Agency harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site which first occurs after the Closing, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which first occurs after the Closing. This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after closing cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of the Developer, the Agency shall cooperate with and assist the Developer in its defense of any such claim, action, suit, proceeding,

loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

300. DEVELOPMENT OF THE SITE

301. Scope of Development.

301.1 Developer's Obligation to Construct Developer Improvements. The Developer shall develop or cause the development of the Developer Improvements in accordance with the Scope of Development, the City Municipal Code, and the plans, drawings and documents submitted by the Developer and approved by the Agency as set forth herein. At the request of Developer, the Agency shall enter into three (3) new Disposition and Development Agreements ("DDA") substantially in the form of this Agreement, one (1) such DDA for each of the Hotels and one (1) for the Restaurant. The "Developer" under such new DDAs may be affiliates of Developer under this Agreement, provided such entities are approved in advance and in writing by the Agency in its sole and absolute discretion. The Developer Improvements shall generally consist of two (2) Conforming Hotel Facilities with an aggregate of not less than five hundred (500) rooms, along with landscaping and parking improvements as described in more detail in the Scope of Development. The Developer Improvements shall also include, if and to the extent a reciprocal easement is executed providing vehicular and pedestrian access to the commercial property located immediately to the north of the Site, construction and maintenance of a drive aisle to and from the Site and additional parking spaces to replace those lost as a result of such access. The Developer acknowledges that the requirements set forth in the Scope of the Development are material considerations for the participation by the Agency in this Agreement, and that but for such requirements, particularly the number of stories of the hotel, the number of rooms, and the securing of the Approved Products, the level of Agency participation provided for pursuant to this Agreement would not be warranted and the Agency would not have entered into this Agreement.

301.2 Local Contractors. The Developer shall use reasonable efforts to ensure that its general contractor uses reasonable efforts to solicit and obtain bids from local businesses by making available all plans for the Developer Improvements to the Building and Trades Council of Orange County and all local contractors by submission to the Plan Room and local trade publications.

302. Design Review.

302.1 Basic Concept Drawings. Within the time set forth in the Schedule of Performance, the Developer shall submit conceptual drawings for the Developer Improvements, including materials, color board, elevations of all four sides of the Developer Improvements, preliminary landscape plans, a traffic and circulation plan as applicable or as may be required, and a rendered perspective (collectively, the "Basic Concept Drawings").

302.2 Design Development Drawings. After the Agency's approval of the Basic Concept Drawings, and within the time set forth in the Schedule of Performance, the Developer shall submit to the Agency and the City the following plans and drawings with respect to the Developer Improvements (the "Design Development Drawings"), which must include, among other requirements of filing, the following:

(a) A fully dimensioned Site Plan, which includes a landscape plan, with hardscape plans, sections and elevations, including lighting, equipment, furnishings and planting schedules.

(b) Floor plans.

(c) Roof plans.

(d) Elevations and project sections.

(e) Tabulation of areas/uses.

(f) Elevations of major public spaces.

(g) Graphics and signage plans, together with schedules and samples or manufacturer's literature.

(h) Lighting schedules with samples or manufacturer's literature for exterior lighting and lighting on building exteriors. Lighting locations are to be shown on landscape plans and elevations.

302.3 Construction Drawings and Related Documents. After the Agency's and City's approval of the Design Development Drawings and within the time set forth therefor in the Schedule of Performance, the Developer shall prepare and submit to the Agency and the City detailed construction plans with respect to the Developer Improvements, including without limitation a grading plan, which shall have been prepared by a registered civil engineer (the "**Construction Drawings**").

302.4 Agency Review and Approval. The Agency shall have the right to review and approve the Basic Concept Drawings in its sole and absolute discretion. The Agency shall have the right to review any and all aspects of and reasonably approve or disapprove the Design Development Drawings and the Construction Drawings. The Developer acknowledges and agrees that the Agency is entitled to approve or disapprove the Basic Concept Drawings and Design Development Drawings in order to satisfy the Agency's obligation to promote the sound development and redevelopment of land within the Project, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and the Project. The Developer shall not be entitled to any monetary damages or compensation as a result of the Agency's or the City's disapproval or failure to approve or disapprove the Basic Concept Drawings, the Design Development Drawings, or the Construction Drawings.

302.5 Standards for Disapproval. The Agency shall have the right to disapprove the Basic Concept Drawings in its sole and absolute discretion. The Agency shall have the right to disapprove in its reasonable discretion any of the Design Development Drawings if (a) the Design Development Drawings do not conform to the approved Basic Concept Drawings, or (b) the Design Development Drawings do not conform to this Agreement, or (c) the Design Development Drawings are incomplete. The Agency shall have the right to disapprove in its reasonable discretion any of the Construction Drawings if (a) the Construction Drawings do not conform to the approved Design Development Drawings, or (b) the Construction Drawings do not conform to the Scope of

Development or this Agreement, or (c) the Construction Drawings are incomplete. The Agency shall state in writing the reasons for disapproval within fifteen (15) days of such disapproval as stated herein. The Developer, upon receipt of a disapproval based upon powers reserved by the Agency hereunder, shall revise such portions and resubmit to the Agency by the time established therefor in the Schedule of Performance. The Agency acknowledges and agrees that the various Approved Product hotel chains have certain mandatory proprietary designs and design criteria which are required to be incorporated into the construction of their new hotels. Agency shall not unreasonably disapproved any such required designs and/or design criteria in its review of the Basic Concept Drawings, Design Development Drawings or Construction Drawings

302.6 Consultation and Coordination. During the preparation of the Design Development Drawings, staff of the Agency and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of the Design Development Drawings by the Agency. The staff of the Agency and the Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the Agency can receive prompt and thorough consideration. The Agency shall designate an Agency employee to serve as the project manager who is responsible for the coordination of the Agency's activities under this Agreement and for expediting the land use approval and permitting process.

302.7 Revisions. If the Developer desires to propose any exterior revisions to the Agency-approved Basic Concept Drawings or Design Development Drawings, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revisions, within the time frame set forth in the Schedule of Performance. At the sole discretion of the Agency, if any change in the basic uses of the Site is proposed in the Basic Concept Drawings or Design Development Drawings from the basic uses of the Site as provided for in this Agreement, then the Agency's approval of such proposed changes may be conditioned upon re-negotiation of any or all terms and conditions of this Agreement, including without limitation, the economic terms of the Agreement. If the Basic Concept Drawings or Design Development Drawings, as modified by the proposed change, generally and substantially conform to the requirements of this Section 302 of this Agreement, the Agency Director shall review the proposed change and notify the Developer in writing within thirty (30) days after submission to the Agency as to whether the proposed change is approved or disapproved. The Agency's Director is authorized to approve changes to the Agency-approved Basic Concept Drawings and Design Development Drawings provided such changes 1) do not significantly reduce the cost of the proposed development below the Minimum Required Cost; 2) do not reduce the quality of materials to be used; 3) do not reduce the number of stories below 6 or number of rooms of the Hotels below approximately 500 in the aggregate; and 4) do not reduce the imaginative and unique qualities of the project design. Any and all change orders or revisions required by the City and its inspectors which are required under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Basic Concept Drawings, the Design Development Drawings, or the Construction Drawings and completed during the construction of the Developer Improvements.

302.8 Defects in Plans. The Agency shall not be responsible either to the Developer or to third parties in any way for any defects in the Basic Concept Drawings, the Design Development Drawings, or the Construction Drawings nor for any structural or other defects in any work done according to the approved Basic Concept Drawings, Design Development Drawings, or Construction Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 302. The Developer shall hold harmless, indemnify and defend the

Agency, the City and their officers, employees, agents and representatives from an against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Basic Concept Drawings, the Design Development Drawings, or the Construction Drawings, including without limitation the violation of any laws, and for defects in any work done according to the approved Basic Concept Drawings, Design Development Drawings or Construction Drawings.

302.9 Use of Architectural Plans. The Agency shall not have the right to use any Basic Concept Drawings or Design Development Drawings which are submitted to the Agency by the Developer pursuant to this Section 302, nor shall the Agency confer any rights to use such architectural plans to any person or entity.

303. Land Use Approvals. Before commencement of construction of the Developer Improvements or other works of improvement upon the Site, the Developer shall, at its own expense, pay to the City an amount customarily imposed by City as its development impact fee in connection with development agreements entered into by City, and shall secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required for the Developer Improvements by the City or any other governmental agency affected by such construction or work. The Developer shall, without limitation, apply for and secure, and pay all costs, charges and fees associated therewith, all permits and fees required by the City, County of Orange, and other governmental agencies with jurisdiction over the Developer Improvements. The Agency shall use reasonable efforts to assist the Developer in obtaining all such entitlements, permits and approvals; provided that the Agency shall not incur any expenses or costs in connection therewith. The Agency shall have no responsibility concerning any conditional use permit(s) in connection with activities or uses of the Site.

304. Schedule of Performance. The Developer shall submit all Basic Concept Drawings, Design Development Drawings, and Construction Drawings, and shall commence and use reasonable efforts and diligence to complete all construction of the Developer Improvements, and satisfy all other obligations and conditions of this Agreement, within the times established therefor in the Schedule of Performance.

305. Cost of Construction. Except to the extent otherwise expressly set forth in this Agreement, all of the cost of planning, designing, developing and constructing all of the Developer Improvements, site preparation and grading shall be borne solely by the Developer.

306. Insurance Requirements. Prior to the Closing, The Developer shall secure from a good and responsible company or companies doing insurance business in the State of California, pay for, and maintain in full force and effect for the duration of this Agreement a policy of comprehensive liability insurance issued by an "A:VI" or better rated insurance carrier as rated by A.M. Best Company, and on an occurrence basis, in which the Agency, the City and their respective officers, employees, agents, representatives and attorneys are named as additional insureds with the Developer and shall furnish an endorsement of liability insurance to the Agency. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached hereto, the protection offered by the policy shall:

(a) Include an endorsement naming the Agency and the City, their officers, employees, agents, representatives and attorneys as an additional insured;

(b) Insure the Agency and its officers, employees, agents, representatives and attorneys while acting within the scope of their duties under this Agreement against all claims arising out of, or in connection with this Agreement;

(c) Provide a combined single limit policy for both personal injury and property damage in the amount of \$5,000,000, which will be considered equivalent to the required minimum limits.

(d) Bear an endorsement or shall have attached a rider providing that, in the event of expiration or proposed cancellation of such policy for any reason whatsoever, the Agency shall be notified not less than thirty (30) days before such expiration or cancellation is effective or ten (10) days in the event of nonpayment of premium.

The Developer shall also file with the Agency the following signed certification:

“I am aware of, and will comply with, Section 3700 of the Labor Code, requiring every employer to be insured against liability of Workers’ Compensation or to undertake self-insurance before commencing any of the work.

The Developer shall comply with Section 3800 of the Labor Code by securing, paying for and maintaining in full force and effect for the duration of this Agreement, complete Workers’ Compensation Insurance, and shall furnish a Certificate of Insurance to the Agency before the Commencement Date. The Agency, its officers, employees, agents, representatives and attorneys shall not be responsible for any claims in law or equity occasioned by the failure of Developer to comply with this section. Every compensation insurance policy shall bear an endorsement or shall have attached a rider providing that, in the event of expiration or proposed cancellation of such policy for any reason whatsoever, the Agency shall be notified, giving the Developer a sufficient time to comply with applicable law, but in no event less than thirty (30) days before expiration or cancellation is effective or ten (10) days in the event of nonpayment of premium.

307. Developer’s Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, damages, defense costs or liability for any damages to property or injuries to persons, including accidental death (including reasonable attorneys fees and costs), which may be caused by any acts or omissions of the Developer under this Agreement and/or the development, ownership and operation of the Site following the Closing, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury occasioned by the sole negligence of the Agency or the City or any of their respective agents or employees.

The Developer shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is not meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects Agency and City from any liability or obligation. In this regard, Developer’s obligation and right to defend shall include the right to hire (subject to written approval

by the Agency and City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer, Agency, or City. If Developer defends any such action, as set forth above, it shall indemnify and hold harmless Agency and City and their officers, employees, representatives and agents from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 310 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements so long as Agency representatives comply with all safety rules established by Developer or its contractor. The Agency (or its representatives) shall, except in emergency situations, notify the Developer at least forty-eight (48) hours prior to exercising its rights pursuant to this Section 308.

309. Compliance With Laws. The Developer shall carry out the design, construction and operation of the Developer Improvements in conformity with all applicable laws, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

The Agency makes no representation or warranty, express or implied, concerning whether prevailing wage requirements apply to all or any part of the construction of the Developer Improvements. The Developer shall ascertain and comply with all applicable labor laws in the construction of the Developer Improvements, including, if applicable, prevailing wage laws. In addition, Developer shall utilize union labor, including without limitation carpenter's union labor, for a minimum of forty percent (40%) of the total costs of subcontractors used in constructing the Developer Improvements, as evidenced by the Developer's Construction Contract with its general contractor. Developer shall provide documentation reasonably acceptable to the Agency to verify Developer's compliance with this provision.

309.1 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Section 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. Section 1324b, *et seq.*, 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, Cal. Government Code Section 12900, *et seq.*, the California Equal Pay Law, Cal. Labor Code Section 1197.5, Cal. Government Code Section 11135, the Americans with Disabilities Act, 42

U.S.C. Section 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended.

309.2 Taxes and Assessments. Following the Closing, the Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments levied on the Site. Taxes and assessments shall be prorated to the Closing Date. The Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof, or assure the satisfaction thereof within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Site or the Developer Improvements.

309.3 Liens and Stop Notices. The Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Site or the Developer Improvements, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the Agency's demand whichever last occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount, or otherwise; or
- (c) provide the Agency with other assurance which the Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

309.4 Relocation; Obligations. In the event the Agency acquires the Site, the Agency shall be responsible for complying and/or causing compliance with all applicable federal, state and local laws and regulations concerning the displacement and/or relocation of, all Eligible Persons and/or businesses from the Site, if any, including without limitation, compliance with the California Relocation Assistance Law, California Government Code Section 7260, *et seq.*, all state and local regulations implementing such laws, and all other applicable federal, state, and local laws and regulation relating to relocation of Eligible Persons (the "**Relocation Laws**"). Developer hereby covenants and agrees that it shall not commence any pre-development, development, or construction activities on the Site which would result in the displacement of any Eligible Persons and/or businesses from the Site until any and all Eligible Persons have been relocated in accordance with all applicable Relocation Laws.

310. Release of Construction Covenants. Promptly after completion of the Developer Improvements in conformity with this Agreement, the Agency shall furnish the Developer with a "Release of Construction Covenants," substantially in the form of Attachment No. 8 hereto which is incorporated herein by reference. The Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as described in Section 405 of this Agreement.

If the Agency refuses or fails to furnish the Release of Construction Covenants, after written request from the Developer, the Agency shall, within fifteen (15) days of written request therefor, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. Even if the Agency shall have failed to provide such written statement within such fifteen (15) day period, the Developer shall not be deemed entitled to the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

311. Financing of the Developer Improvements.

311.1 Approval of Financing. As required herein and as an Agency Condition Precedent to the Closing, Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has arranged for financing for the construction financing necessary to undertake the development of the Site and the construction of the Developer Improvements in accordance with this Agreement.

Evidence that the Developer has obtained financing shall be submitted in two phases: first, preliminary evidence of financing ("**Preliminary Evidence of Financing**"), which need not include evidence of binding commitments, which shall be submitted to the Agency on or before the Six Month Date; and second, evidence of firm and binding commitments ("**Proof of Financing Commitments**") for the acquisition of the Site and the development of the Developer Improvements.

The Agency shall reasonably approve or disapprove such evidence of financing within thirty (30) days of receipt of each of the respective submittals, provided that such submittal is complete. Approval shall not be unreasonably withheld so long as the terms of the financing are consistent with this Agreement, including without limitation the provisions of the Promissory Note and recognition in the loan documents that the financing is subject to the Agency Repurchase Option, and are otherwise reasonable and customary. If Agency shall disapprove any such evidence of financing, Agency shall do so by Notice to Developer stating the reasons for such disapproval and Developer shall promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 311.1 for the approval or disapproval of the evidence of financing as initially submitted to Agency. Developer shall close the approved financing prior to or concurrently with the Closing.

The Proof of Financing Commitment shall include the following: (a) a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more financial institutions for the mortgage loan or loans for financing to fund the construction, completion of the Developer Improvements, subject to the specific requirements described above and otherwise subject to such lenders' customary and normal conditions and terms, and/or (b) a certification from the chief financial officer of Developer that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation satisfactory to the Agency as evidence of other sources of capital sufficient to

demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction and completion of the Developer Improvements, less financing authorized by those loans set forth in subparagraph (a) above but including required debt service payments.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leases-back shall be permitted before the completion of the Developer Improvements only with the Agency's prior written approval, which shall not be unreasonably withheld or delayed as more fully described in Section 311.1, but only for the purpose of securing loans of funds to be used for financing the construction of the Developer Improvements (including architecture, engineering, legal, and related direct costs as well as indirect costs) on or in connection with the Site, permanent financing, and any other purposes necessary and appropriate in connection with development under this Agreement. In no event, however, shall the amount or amounts of indebtedness secured by mortgages or deeds of trust on the Site exceed the projected "Developer's Cost" of constructing the Developer Improvements, as evidenced by a pro forma and a construction contract which have been delivered to the Agency Director prior to the Date of Agreement and which set forth such construction costs, unless the written approval of the Agency Director is first obtained. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Developer Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and lease-back. Equipment leases for trade fixtures for the Hotels are/or the Restaurant are expressly exempted from the foregoing prohibition.

311.3 Holder Not Obligated to Construct Developer Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Developer Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Developer Improvements, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Developer Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of

Construction Covenants. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

311.5 Failure of Holder to Complete Developer Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Developer Improvements under this Agreement, and such holder has not exercised the option to construct as set forth in Section 311, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder; and
- (e) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Developer Improvements or any part thereof, Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all actual, itemized costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust pursuant to this Section 311.

311.7 Agency Assistance Payments. In consideration for Developer's performance of the covenants set forth hereinbelow, and in the event that the Developer has complied with each of the Secondary Conditions Precedent on a substantially continuous basis during the preceding Year (as defined in Section 201.3), and the Secondary Conditions Precedent remain

satisfied, the Agency shall with respect to each of the first seven (7) Years disburse a “Developer Payment” to the Developer (or such nominee as the Developer shall designate in writing; provided that not more than one nominee shall be designated as to a given Annual Period), an amount equal to the lesser of an amount equal to the Generated Revenues for such Annual Period, less any Agency Note Payments paid during such Annual Period, or the amount set forth below for each of the seven Years:

Year 1	\$1,100,000
Year 2	\$1,000,000
Year 3	\$900,000
Year 4	\$900,000
Year 5	\$900,000
Year 6	\$400,000
Year 7	\$300,000

The total of the Developer Payments to be paid to the Developer shall not exceed Five Million Five Hundred Thousand Dollars (\$5,500,000).

The Secondary Conditions Precedent shall be deemed to be satisfied unless: (i) the Agency has delivered written notice to the Developer that the Developer has not satisfied one or more of the Secondary Conditions Precedent and the Developer has not completed the cure of such failure, or (ii) the Developer has materially failed to satisfy one or more of the Secondary Conditions Precedent and such failure is known to the Developer and has not been disclosed by the Developer in writing to the Agency. During such time as a cure is being diligently prosecuted to completion, the Agency shall retain the corresponding amount enumerated below; the corresponding amount shall be promptly disbursed upon completion of the cure.

Such payments shall be made annually not later than thirty (30) days after the end of each Year. The Agency shall have the right of setoff based upon any amounts due and payable by the Developer to the Agency pursuant to the terms of this Agreement. Developer may request that the Agency subordinate the foregoing right of setoff as necessary for Developer to secure financing in accordance with Section 311.1 hereof. Agency shall consider any such request in good faith and shall not unreasonably withhold its consent thereto. Following the disbursement of the Developer Payment, if any, for the seventh (7th) Year, no further Developer Payments shall be made.

Developer is of the belief that the Developer Payments constitute contributions to the capital of the Developer which are not direct payments for any specific, quantifiable service provided by the Developer to the Agency or the City, and that such payments are made to induce the Developer to construct the Developer Improvements in the City.

The Developer will use the Developer Payments to pay the operating expenses of the Conforming Hotel Facilities. No portion of the Developer Payments shall be used to encourage or discourage union formation activities within the Project or any component thereof.

312. Secondary Conditions Precedent.

The Agency shall not be obligated to make the initial disbursement of the Developer Payments or any subsequent disbursement thereof, or to pay the Development Impact Fees set forth above unless all of the following conditions precedent have been and remain satisfied:

(a) the Developer provides proof reasonably satisfactory to the Agency that the Developer has satisfied the Agency's Conditions Precedent (as set forth in Section 205.1);

(b) the Developer provides proof satisfactory to the Agency that all real property taxes and assessments levied with respect to the Site have been paid, and that no such taxes or assessments are delinquent, and that the Developer has filed no assessment appeal in respect to the Site seeking to reduce the assessed value of the Site, as improved, to a value not equal to or greater than the Minimum Project Value, plus inflationary increases calculated in conformity with Section 110.1(f) of the California Revenue and Taxation Code;

(c) the Developer has caused to be executed and caused to be recorded and delivered to the Agency the Maintenance Agreement and the Grant Deed;

(d) the Developer delivers to the Agency Director or his designee a Developer Certificate;

(e) a Certificate of Completion for all of the Developer Improvements has been issued pursuant to Section 310 of this Agreement (the "Completion Condition");

(f) The two hotels have been operated on the Site substantially throughout the preceding Year each as a Conforming Hotel Facility;

(g) there exists no Default by Developer, as defined in Section 501 of this Agreement, or event, omission or failure of condition which would constitute a Default by Developer after notice or lapse of time, or both;

(h) the Developer has delivered to Agency all documents, instruments, policies, and forms of evidence or other materials to be provided to Agency and as may be reasonably requested by Agency under the terms of this Agreement; and

(i) Developer provides Agency within thirty (30) days after end of each Annual Period substantiation as to satisfaction of all conditions, including a Certificate executed by the Managing Member of the Developer, and the following proof as to taxes generated: (a) evidence that all property taxes and assessments on the Site have been paid and are current; (b) sales and use tax returns for the year; (c) tenant occupancy tax filings for the year.

The foregoing conditions lettered (a) to (i), inclusive, shall collectively constitute the "Secondary Conditions Precedent."

400. COVENANTS AND RESTRICTIONS

401. Use in Accordance with Redevelopment Plan. The Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that upon the Closing and during construction, operation, and thereafter, the Developer shall devote

the Site to the uses specified in the Redevelopment Plan and this Agreement for the periods of time specified therein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the City Municipal Code. The foregoing covenants shall run with the land.

402. Use Covenants. For a term (the “**Operating Covenant Period**”) commencing upon the Conveyance and ending as of (i) the tenth (10th) anniversary of the opening of the Project pursuant to this Agreement, or (ii) the satisfaction of the Developer Promissory Note, which ever occurs first, the Developer hereby covenants and agrees to devote the Site on a continuous basis to the operation of the Hotels as Conforming Hotel Facilities as the principal activity conducted on the Site. The foregoing covenants shall run with the land. Except with the prior written consent of the Agency for each instance, which consent may be granted or withheld in the Agency’s sole reasonable discretion, the failure of the Developer to operate any Hotel as a Conforming Hotel Facility after the time established in the Schedule of Performance for the completion of the Developer Improvements or, if earlier, the actual completion of the Developer Improvements, on the Site for one hundred eighty (180) or more consecutive days (and without limitation as to the Developer’s obligation to timely complete the Developer Improvements) shall, at the Agency’s option, constitute a Default hereunder; provided, however, that the Developer shall for purposes of this Section 402 be deemed to be operating a Conforming Hotel Facility during any period that the Developer is prevented from operating such a use due to (i) required or necessary rehabilitation of the Developer Improvements on the Site (provided that the period during which a Conforming Hotel Facility is not operated as a result of the rehabilitation shall in no event exceed one year (365) days), or (ii) floods, earthquakes, fires, or other acts of God which are not in any way due to or contributed to by the acts or omissions of the Developer.

403. Maintenance Covenants. The Developer shall maintain the Site and all improvements thereon, including all landscaping, in compliance with the terms of the Redevelopment Plan and with all applicable provisions of the City Municipal Code. To ensure Developer’s continued maintenance of the Developer Improvements, Developer agrees to execute, acknowledge and record in the official records of Orange County a Maintenance Agreement in the form attached hereto as Attachment No. 9.

404. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest 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 sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases or vends of the Site. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that

there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

404.1 Minimum Project Value Covenant. The Developer covenants and agrees by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof that commencing upon the earlier to occur of: (i) the completion of the Developer Improvements or (ii) the time established in the Schedule of Performance for the completion of the Developer Improvements, the Developer shall not take action to decrease the assessed value (including the value of the improvements thereon) of the Site for property tax purposes below the Minimum Project Value. The provisions of this paragraph shall remain in effect until the tenth (10th) anniversary of the Opening Date, or the satisfaction of the Developer Promissory Note, which ever occurs first.

405. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches and to avail itself of the rights granted herein to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect for the periods described herein, including the following:

(a) The environmental covenants and releases set forth in Sections 208.5, 208.6 and 208.7 shall remain in effect in perpetuity.

(b) The covenants in Section 309 with respect to compliance with laws shall remain in effect for the term of the Redevelopment Plan.

(c) The covenants pertaining to use and operation of the Site as Conforming Hotel Facilities which are set forth in Section 402 shall remain in effect for a term commencing upon the Conveyance and ending ten (10) years from the date that the Project lawfully opens for business to the public on the Site, or the date the Developer Promissory Note is satisfied, whichever ever occurs first. The use covenants relating to compliance with the Redevelopment Plan and Municipal Code which are set forth in Section 401 shall remain in effect for the term of the Redevelopment Plan.

(d) The covenants pertaining to maintenance of the Site and all improvements thereon, as set forth in Section 403, shall remain in effect for the term of the Redevelopment Plan.

(e) The covenants against discrimination, as set forth in Section 404, shall remain in effect in perpetuity.

(f) The covenant set forth in Section 404.1 regarding the Minimum Project Value shall remain in effect in accordance with its terms.

The City shall be deemed to be a third party beneficiary of this Agreement. Except for the City, there shall be no third party beneficiaries of this Agreement.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California, in an appropriate municipal court in that county, or in the District of the United States District Court in which such county is located. In addition to the legal actions hereinafter described and without limitation as to such remedies that may be available at law or equity, upon a Default by the Developer under this Agreement after the Conveyance, the Agency may exercise those rights defined and described in Section 505.

503. Termination.

503.1 Termination by Developer Prior to Six Month Date. In the event the Developer fails to satisfy the Six month requirements prior to the Six Month Date despite its diligent efforts, the Developer may, at its election but within sixty (60) days after the Six Month Date, terminate this Agreement. In the event of termination pursuant to this Section 503.1, neither the Agency nor the Developer shall have any further rights with respect to the Site by virtue of or with respect to this Agreement provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note.

503.2 Termination by Agency as of the Six Month Date. In the event the Developer fails to satisfy the Six month requirements prior to the Six Month Date, the Agency may, at its election, at any time but within sixty (60) days after the Six Month Date (or such greater period as may be mutually approved by the parties), terminate this Agreement. In the event of termination pursuant to this Section 503.2, neither the Agency nor the Developer shall have any further rights with respect to the Site by virtue of or with respect to this Agreement, provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note.

503.3 Termination by Developer Prior to Conveyance Not Based Upon Default of Agency. In the event that after the Six Month Date, but as of the time established for the Conveyance in the Schedule of Performance, the Developer is not in Default of this Agreement but (i) the Agency fails through no default of its own, to timely acquire the Site and convey the Site to the Developer pursuant to this Agreement by the time established therefor in the Schedule of Performance, or (ii) this Agreement or any of the actions or determinations required to be taken or made by either party hereunder which are a prerequisite to development of the Project are successfully challenged or invalidated by a court of competent jurisdiction, or (iii) if the Developer and the Agency have acted as required under this Agreement, including the Developer exercising reasonable diligence within the times required hereunder to submit applications, plans, drawings and other related documents necessary to obtain building permits, and the City willfully and arbitrarily fails or refuses to issue building permits for the Developer Improvements (which failures are expressly understood not to be defaults of the Agency), then this Agreement may, at the option of the Developer, be terminated by written notice thereof to the Agency. In the event of such termination due to the occurrence of one of (i), (ii), or (iii), above, by the respective times established therefore in the Schedule of Performance (as such times may be extended), neither the Agency nor the Developer shall have any further rights with respect to the Site by virtue of or with respect to this Agreement, except as set forth in Section 504 hereof and as set forth in any other provision of this Agreement which expressly survives the termination of this Agreement, provided no such termination shall relieve or release Agency from its continuing liability for payment of the Promissory Note.

503.4 Termination by Developer Prior to Conveyance Based Upon Default of Agency. In the event that after the Six Month Date but prior to the Conveyance the Developer elects to terminate this Agreement based upon the Agency's Default, then this Agreement may, at the option of the Developer, be terminated by written notice thereof to the Agency, in which event neither the Agency nor the Developer shall have any further rights with respect to the Site by virtue of or pursuant to this Agreement, except as set forth in Section 504 hereof and as set forth in any provision hereof which expressly survives such termination, provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note.

503.5 Termination by the Agency Prior to the Conveyance and After the Six Month Date. In the event that after the Six Month Date, but prior to the Conveyance:

(a) The Developer (or any successor in interest) assigns this Agreement or any rights thereon or in the Site in violation of this Agreement and such failure or Default is not cured in accordance with Section 501; or

(b) There is a change in the ownership of the Developer contrary to the provisions of Section 603.1 hereof and such failure or Default is not cured in accordance with Section 501; or

(c) The Developer does not submit certificates of insurance, construction plans, drawings and related documents as required by this Agreement, in the manner and by the dates respectively provided in this Agreement therefor and such failure or default is not cured in accordance with Section 501; or

(d) The Developer fails to comply with the Agency's Conditions Precedent by the times established therefor in the Schedule of Performance and such failure or default is not cured in accordance with Section 501; or

(e) The Developer is otherwise in Default under this Agreement and such Default is not cured in accordance with Section 501;

then this Agreement and any rights of the Developer or any assignee or transferee of the Agreement, shall, at the option of the Agency, be terminated by the Agency by written notice thereof to the Developer. In the event of termination under this Section 503.5, neither party shall have any rights against the other under this Agreement except as set forth in Section 504, and any other provision hereof which expressly survives such termination, provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note.

504. Indemnification Against Precondemnation and Associated Damages. Developer shall save, protect, pay for, defend, indemnify and hold harmless the Agency, the City, and their respective officers, employees, representatives, and agents, from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including without limitation, penalties, fines, and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (the foregoing are hereinafter collectively referred to as "**Liabilities**") which may now or in the future be incurred or suffered by the Agency, the City, or their respective officers, employees, representatives or agents, by reason of, resulting from, in connection with, or arising in any manner from the rescission, abandonment or dismissal, or an attempted abandonment, due to any reason other than Agency's Default under this Agreement, of any resolution of necessity and/or any action taken in the prosecution of a case or cases in eminent domain on the Site or any portion thereof pursuant to the California Eminent Domain Law, which resolution of necessity or eminent domain case was initiated after the Date of Agreement (an "**Abandonment**").

For the purpose of fulfilling the indemnification obligations of Developer set forth in this Section 504, upon termination until such time as any claims covered by this Section have been finally and completely adjudicated or settled, and discharged in full, or Agency has otherwise been fully and finally released from all such Liabilities, and the statute of limitation for claims covered by this

Section has expired, Agency may retain that portion of funds advanced by the Developer pursuant to Section 201.1, if any, reasonably estimated by the Agency as necessary to discharge or setoff the Agency's costs of discharging potential Liabilities for claims covered under this Section 504 (the "Retention"). Notwithstanding anything to the contrary contained herein, interest shall continue to accrue on any amounts retained by Agency in excess of the amount actually expended by Agency to discharge Liabilities at the rate set forth in the Agency Promissory Note (the "Excess Retention"), except that, to the extent the Abandonment is the result of a Default by Developer, the interest rate on such Excess Retention shall be zero. The Agency's right to the Retention pursuant to this Section, and to setoff against such Retention, shall not in any way limit Developer's indemnification obligations under this Section 504, and Developer shall remain responsible for all Liabilities in excess of the Retention. To the extent the Retention exceeds the Liabilities incurred by Agency under this Section 504, such excess portion of the Retention shall, following implementation of this Section, be paid over to the Developer as soon as is reasonably practicable following the expiration of the statute of limitations applicable to any claims covered hereby with interest as set forth hereinabove. This Section 504 shall survive the termination, expiration, or invalidation of this Agreement or any portion hereof. Under no circumstances shall the provisions of this Section 504 relieve or release Agency from its continuing liability for repayment of the Promissory Note.

505. Reentry and Revesting of Title in the Agency After the Closing and Prior to Completion of Construction. Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing and prior to the issuance of the Release of Construction Covenants, the Developer (or its successors in interest) shall:

- (a) fail to start the construction of the Developer Improvements as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or
- (b) abandon or substantially suspend construction of the Developer Improvements required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or
- (c) contrary to the provisions of Section 603 Transfer or suffer any involuntary Transfer in violation of this Agreement.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by this Agreement;
2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust; and
3. Repayment to Developer of the Agency Loan pursuant to Section 201.3 hereof and the terms of the Promissory Note.

The Grant Deed shall contain appropriate reference and provision to give effect to the Agency's right as set forth in this Section 505, under specified circumstances prior to recordation of the Release of Construction Covenants, to reenter and take possession of the Site, with all

improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer, provided no such termination shall relieve or release Agency from its continuing liability for repayment of the Promissory Note. Upon the revesting in the Agency of title to the Site as provided in this Section 505, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Developer Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. The Developer acknowledges that there may be substantial delays experienced by the Agency if the Agency must remarket the Site for operation of a Conforming Hotel Facility following the revesting of the Site in the Agency. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, shall be applied:

(i) First, to reimburse the Agency, on its own behalf or on behalf of the City, all costs and expenses incurred by the Agency, excluding City and Agency staff costs, but specifically, including, but not limited to, any expenditures by the Agency or the City in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid, any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of revesting of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

(ii) Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 505 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Agency will have conveyed the Site to the Developer for redevelopment purposes, particularly for development and operation of the Project thereon, and not for speculation in undeveloped land.

506. Agency Repurchase Option. The Agency shall, throughout the Operating Covenant Period, and without limitation as to the effects of Section 505 of this Agreement or other rights and remedies of the Agency, retain the option (the “Agency Repurchase Option”) to repurchase, upon the occurrence of the events hereinafter described, from the Developer the Site (including improvements thereon) for an amount equal to the Repurchase Amount. No interest shall be deemed to accrue as to the Repurchase Amount. The Agency shall have the right, by giving Notice to the Developer in accordance with Section 601, to exercise its option to purchase during the Operating Covenant Period in the event of a Permanent Closure or if, for such period, the Project is not

operated on the Site in conformity with this Agreement, provided no such purchase shall relieve or release Agency from its continuing liability for repayment of the Promissory Note. The Agency Repurchase Option shall run with the land, and shall be referenced in the Agency Deed.

In the event the Agency exercises the Agency Repurchase Option, the Developer covenants and agrees by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof, that the Developer and such successors shall, upon receipt of request therefor by the Agency, execute deeds and such other documents as shall be deemed necessary or convenient to effectuate the conveyance to the Agency, including without limitation a grant deed. The parties shall evenly share the escrow charges in the event of such transfer. The condition of title for such transfer shall be the same as that of the Conveyance; provided that the reacquired portion may be subject to covenants in favor of the Agency contained in the Grant Deed, the REA, and the Maintenance Agreement, and any other documents recorded for the Agency's benefit hereunder. In the event that it is necessary to clear encumbrances, such as deeds or trusts or mortgages, to cause the condition of title to conform to the condition hereinabove described, the Developer consents that all or any portion of the Repurchase Amount shall, at the option of the Agency, be applied to clear such encumbrances.

Without limitation as to the availability of other remedies, this Section 506 shall be enforceable by specific enforcement.

This Section 506 shall remain in effect until the end of the Operating Covenant Period.

507. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the President of the Developer, whether made within or outside the State of California, or in such other manner as may be provided by law.

508. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

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

510. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to

the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Director

with a copy to: Stradling, Yocca, Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Thomas P. Clark, Jr.

To Developer: Palm Court Lodging, LLC
9100 East Panorama Drive, Suite 300
Englewood, Colorado 80112
Attention: Navin Dimond

with a copy to: McWhinney Management Company, LLC
5200 Hahns Peak Drive, Suite 130
Loveland, Colorado 80538
Attention: Chad McWhinney

with a copy to: Buckner, Alani, Khouri, Chavos & Mirkovich
3146 Red Hill Avenue, Suite 200
Costa Mesa, California 92626
Attention: William D. Buckner

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; or acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the

contrary, the lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Site or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer or its Principals as the operator of Palm Court Lodging, LLC, are of particular concern to the Agency. Furthermore, the parties acknowledge that the Agency has negotiated the terms of this Agreement in contemplation of the development and operation of the Hotels and the property tax increment, Transient Occupancy Tax, and sales tax revenues to be generated by the Developer Improvements and the operation of the Project on the Site. Accordingly, for the period commencing upon the date of this Agreement and until the expiration of the use and operations covenants which are set forth in Section 402 hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, further encumbrance, refinancing or lease of the whole or any part of the Site or the Developer Improvements thereon, nor shall any uses other than the Project be operated thereon, either in addition to or in replacement of the Project on the Site, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the Project or any portion thereof being operated upon the Site (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a Transfer shall not be required in connection with any of the following:

(a) Any Transfer to an entity or entities in which the Developer and/or the Principals retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities, and Palm Court Lodging, LLC (or another Agency authorized Approved Operator) is operating an Approved Product on the Site.

(b) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Developer Improvements.

(d) Leases or licenses of retail, commercial or restaurant space in the ordinary course of business, and the letting of hotel guest spaces.

In the event of a Transfer by Developer under subparagraph (a) above not requiring the Agency's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such Transfer it shall give written notice to Agency of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement of all of the

obligations of this Agreement. Such assignment shall not, however, release the assigning Developer from any obligations to the Agency hereunder.

(e) **Agency Consideration of Requested Transfer.** The Agency agrees that it will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to this Section 603, provided the Developer delivers written notice to the Agency requesting such approval. Such notice shall be accompanied by sufficient evidence demonstrating that the proposed assignee or purchaser has received all necessary approvals for such transfer from the operator (which shall be an Approved Operator), and evidence regarding the proposed transferee's operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the Agency. In addition, the Agency may, in considering any such request, take into consideration such factors as (i) the transferee's past performance as an operator of hotels, (ii) the current financial condition of the transferee, and similar factors. The Agency agrees not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

If, following completion of the Developer Improvements, the Developer proposes to transfer only the ownership of the Site and the improvements thereon, the Agency shall not unreasonably withhold its approval of such an assignment or transfer so long as there are no outstanding defaults pursuant to this Agreement, the Hotel is being operated in conformity with this Agreement and in conformity with a management contract, which management contract shall be subject to Agency approval (which approval shall not be unreasonably withheld so long as the management contract is [i] with an Approved Operator and [ii] is for a duration continuing until not earlier than the tenth [10th] anniversary of the opening of the Hotel), and the transferee agrees in writing in form and substance acceptable to the Agency to be bound by and comply with all requirements of the Developer pursuant to this Agreement. With respect to a Transfer made pursuant to this paragraph, the Agency shall reasonably consider the release of the transferor from any executory requirements of this Agreement.

An assignment and assumption agreement in form satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of the Developer's written notice requesting Agency approval of a Transfer pursuant to this Section 603, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested.

603.3 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.4 Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Developer. No such transfer shall relieve

or release Agency from its continuing primary liability for repayment of the Promissory Note, except in the case of an assignment to, and assumption by, the City.

604. Non-Liability of Officials and Employees of the Agency to the Developer. No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Developer Improvements. The Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Site or the Developer Improvements.

606. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency Director (or his duly authorized representative). The Agency Director shall have the authority to issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the Agency as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes Attachment Nos. 1 through 9, each of which are incorporated herein.

609. Real Estate Brokerage Commission. The Agency and the Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with the Developer's acquisition of the Site from the Agency. The parties agree to defend and hold harmless the other party from any claim to any such commission or fee from any broker, agent or finder with respect to this Agreement which is payable by such party.

610. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

611. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

612. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

613. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

614. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

615. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

616. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

617. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise. The Developer has obtained tax counsel of its choosing and in entering into this Agreement has not received nor is the Developer relying upon any statements, representations, or characterizations concerning potential income tax ramifications of or relating to this Agreement from the Agency.

618. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency, the Developer of each and every obligation and condition of this Agreement.

619. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

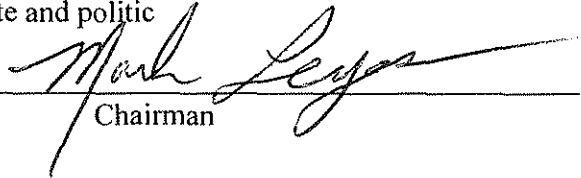
620. Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

621. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before forty-five (45) days after signing and delivery of this Agreement by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

IN WITNESS WHEREOF, the Agency and the Developer have signed this Disposition and Development Agreement as of the date first set forth above.

AGENCY:

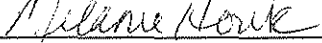
**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

By: 
Chairman

ATTEST:

Agency Secretary

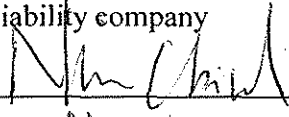
APPROVED AS TO FORM:


Stradling, Yocca, Carlson & Rauth,
Agency Special Counsel

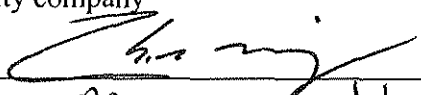
DEVELOPER:

PALM COURT LODGING, LLC, a Colorado
limited liability company

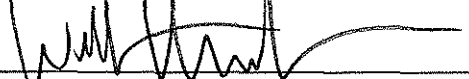
By: **QUAD HOLDINGS, LLC**, a Colorado
limited liability company

By: 
Its: Member

By: **McWHINNEY MANAGEMENT
COMPANY, LLC**, a Colorado limited
liability company

By: 
Its: Managing Member

APPROVED AS TO FORM:


Buckner, Alani, Khouri, Chavos & Mirkovich
Developer Counsel

ATTACHMENT NO. 1

MAP OF THE SITE

[To Be Inserted]

**ATTACHMENT NO. 2
GRANT DEED**

RECORDING REQUESTED BY,)
MAIL TAX STATEMENTS TO)
AND WHEN RECORDED MAIL TO:)
)
Palm Court Lodging,, LLC)
9100 East Panorama, Suite 300)
Denver, Colorado 80112)
Attention: Navin Dimond)
)

This document is exempt from payment of a recording fee pursuant to Gov't Code Section 6103.

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), acting to carry out the Redevelopment Plan ("Redevelopment Plan") for the Garden Grove Redevelopment Project (the "Project"), under the Community Redevelopment Law of California, as of _____, 200_, hereby grants to **PALM COURT LODGING, LLC**, a Colorado limited liability company ("Developer"), the real property hereinafter referred to as the "Site," described in Exhibit A attached hereto and incorporated herein, subject to existing easements, restrictions and covenants of record and further subject to the provisions of this Grant Deed as set forth below.

1. Reservation of Mineral Rights. Agency excepts and reserves from the conveyance herein described all interest of the Agency in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than five hundred (500) feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Site lying more than five hundred (500) feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said Site or other lands, but without, however, any right to use either the surface of the Site or any portion thereof within five hundred (500) feet of the surface for any purpose or purposes whatsoever, or to use the Site in such a manner as to create a disturbance to the use or enjoyment of the Site.

2. Conveyance in Accordance With Redevelopment Plan, Disposition and Development Agreement. The Site is conveyed in accordance with and subject to the Redevelopment Plan which was approved and adopted by the City Council of the City of Garden Grove by Ordinance No. 1339, as amended as of the date hereof, and a Disposition and Development Agreement entered into between Agency and Developer dated _____, 2001 (the "DDA"), a copy of which is on file with the Agency at its offices as a public record and which is incorporated herein by reference. The DDA generally requires the Developer to construct and operate two limited service hotels as more particularly described in the DDA (the "Project"), and other requirements as set forth therein. All terms used herein shall have the same meaning as those used in the DDA.

3. Permitted Uses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that upon the date of this Grant Deed and during construction through completion of development and thereafter, the Developer shall:

(a) Devote the Site to the uses specified in the Redevelopment Plan and this Grant Deed for the periods of time specified therein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to the DDA, shall conform to the DDA, the Redevelopment Plan and all applicable provisions of the City Municipal Code. The foregoing covenants shall run with the land.

(b) For a term commencing on the date of this Grant Deed and ending as of the tenth (10th) anniversary of the opening of the Project on the Site, or the satisfaction of the Developer Promissory Note, whichever ever occurs first (the "Operating Covenant Period"), as more particularly set forth in Section 402 of the DDA, the Developer hereby covenants and agrees on a continuous basis to devote the Site to the operation of the Project. The foregoing covenants shall run with the land. Except with the prior written consent of the Agency for each instance, which consent may be granted or withheld in the Agency's reasonable discretion, the failure of the Developer to operate the Project after the time established in the Schedule of Performance for the completion of the Developer Improvements or, if earlier, the actual completion of the Developer Improvements, on the Site for one hundred eighty (180) or more consecutive days shall, at the Agency's option, constitute a Default hereunder; provided, however, that the Developer shall for purposes of this Grant Deed be deemed to be operating the Project during any period that the Developer is prevented from operating the Project due to (i) required or necessary rehabilitation of the Developer Improvements on the Site (provided that the period during which the Project is not operated as a result of the rehabilitation shall in no event exceed 365 days), or (ii) floods, earthquakes, fires, or other acts of God which are not in any way due to the acts or omissions of the Developer.

4. Restrictions on Transfer. The Developer further agrees as follows:

(a) For the period commencing upon the date of this Grant Deed and until the expiration of the use and operations covenants which are set forth in Section 3(b) hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under the DDA or this Grant Deed, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Developer Improvements thereon, nor shall any activities other than the Project be operated thereon, either in addition to or in replacement of the Project on the Site, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision of the Developer Improvements on the Site or the Project without the prior written approval of the Agency pursuant to Section 603 of the DDA; the Developer further agrees that any right to transfer is subject to the provisions of this Grant Deed, including without limitation Sections 6, 7 and 8 hereof.

(b) The Developer shall not place or suffer to be placed on the Site any lien or encumbrance other than mortgages, deeds of trust, or any other form of conveyance required for financing of the construction of the Developer Improvements on the Site, and any other expenditures necessary and appropriate to develop the Site pursuant to the DDA, except as provided in Section 311 of the DDA.

(c) All of the terms, covenants and conditions of this Grant Deed shall be binding upon the Developer and the permitted successors and assigns of the Developer. Whenever the term "Developer" is used in this Grant Deed, such term shall include any other permitted successors and assigns as herein provided.

5. Nondiscrimination. The Developer herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the Developer itself or any person claiming under or through Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed.

The Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference

to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

The foregoing covenants shall run with the land and remain in effect in perpetuity.

6. Agency Right of Reentry. The Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing and prior to the recordation of the Release of Construction Covenants as to the Site, the Developer (or its successors in interest) shall:

- a. fail to start the construction of the Developer Improvements as required by the DDA for a period of thirty (30) days after written notice thereof from the Agency; or
- b. abandon or substantially suspend construction of the Developer Improvements required by the DDA for a period of thirty (30) days after written notice thereof from the Agency; or
- c. contrary to the provisions of Section 603 of the DDA transfer or suffer any involuntary Transfer in violation of the DDA.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the DDA; or
2. Any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust; or
3. The obligation of the Agency and City for repayment in full to Developer of the Developer Advance and/or the Agency Promissory Note.

Upon the revesting in the Agency of title to the Site as provided in this Section 6, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Developer Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. The Developer acknowledges that there may be substantial delays experienced by the Agency if the Agency must remarket the Site for operation of a Conforming Hotel Facility following the revesting of the Site in the Agency. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, shall be applied:

- i. First, to reimburse the Agency, on its own behalf or on behalf of the City, all costs and expenses incurred by the Agency, excluding City and Agency staff costs, but specifically, including, but not limited to, any expenditures by the Agency or the City in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid;

any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or reversion of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 6 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Agency will have conveyed the Site to the Developer for redevelopment purposes, particularly for development and operation of a Project and not for speculation in undeveloped land.

7. Agency Repurchase Option. The Agency shall, throughout the Operating Covenant Period (which is a period commencing upon the conveyance of the Site by this deed and ending as of the tenth [10th] anniversary of the opening of the Project pursuant to the DDA) and without limitation as to the effects of Section 6 of this Grant Deed or other rights and remedies of the Agency, retain the option (the "Agency Repurchase Option") to repurchase, upon the occurrence of the events hereinafter described, from the Developer the Site (including improvements thereon) for an amount equal to the Repurchase Amount. No interest shall be deemed to accrue as to the Repurchase Amount. The Agency shall have the right to exercise its option to purchase during the Operating Covenant Period in the event of a "Permanent Closure" (as defined in the DDA) or if, for such period, the Project is not operated on the Site in conformity with this Agreement. The Agency Repurchase Option shall run with the land.

The Developer covenants and agrees by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof, that the Developer and such successors shall, upon receipt of request therefor by the Agency, execute deeds and such other documents as shall be deemed necessary or convenient to effectuate the conveyance to the Agency, including without limitation a grant deed. The parties shall evenly share the escrow charges in the event of such transfer. The condition of title for such transfer shall be the same as that of the Conveyance; provided that the reacquired portion may be subject to covenants in favor of the Agency contained in this Grant Deed. In the event that it is necessary to clear encumbrances, such as deeds of trusts or mortgages, to cause the condition of title to conform to the condition hereinabove described, the Developer consents that all or any portion of the Repurchase Amount shall, at the option of the Agency, be applied to clear such encumbrances.

This Section 7 shall remain in effect until the end of the Operating Covenant Period.

8. Minimum Project Value Covenant. The Developer covenants and agrees by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof that commencing upon the earlier to occur of: (i) the completion of the Developer Improvements or

(ii) the time established in the Schedule of Performance for the completion of the Developer Improvements, the Developer shall not take action to decrease the assessed value (including the value of the improvements thereon) of the Site for property tax purposes amount below the Minimum Project Value. The provisions of this paragraph shall remain in effect until the fifteenth (15th) anniversary of the Opening Date, or the satisfaction of the Developer Promissory Note, which ever occurs first.

9. Violations Do Not Impair Liens. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by paragraph 4 of this Grant Deed; provided, however, that any subsequent owner of the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

10. Covenants Run With Land. All covenants contained in this Grant Deed shall be covenants running with the land. All of Developer's obligations hereunder except as provided hereunder shall terminate and shall become null and void upon the expiration of the Redevelopment Plan.

11. Covenants For Benefit of Agency. All covenants without regard to technical classification or designation shall be binding for the benefit of the Agency, and such covenants shall run in favor of the Agency for the entire period during which such covenants shall be in force and effect, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. The Agency, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

12. Revisions to Grant Deed. Both Agency, its successors and assigns, and Developer and the successors and assigns of Developer in and to all or any part of the fee title to the Site shall have the right with the mutual consent of the Agency to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site. However, Developer and Agency are obligated to give written notice to and obtain the consent of any first mortgagee prior to consent or agreement between the parties concerning such changes to this Grant Deed. The covenants contained in this Grant Deed, without regard to technical

classification, shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty. No amendment to the Redevelopment Plan shall require the consent of the Developer.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

By: _____
Chairman

ATTEST:

Secretary of the Agency

APPROVED AS TO FORM:

Stradling, Yocca, Carlson & Rauth
Agency Counsel

DEVELOPER:
PALM COURT LODGING, LLC, a Colorado
limited liability company

By: **QUAD HOLDINGS, LLC**, a Colorado
limited liability company

By: _____
Its: _____

By: **McWHINNEY MANAGEMENT
COMPANY, LLC**, a Colorado limited
liability company

By: _____
Its: _____

EXHIBIT "A" TO ATTACHMENT NO. 2

LEGAL DESCRIPTION OF SITE

PARCEL 1

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

PARCEL 1 OF, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3 A

THE NORTH 75.00 FEET OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY; EXCEPT THE WEST 330.00 FEET THEREOF.

PARCEL 3 B

AND UNDIVIDED 1/70th IN THE SOUTH 30.00 FEET OF THE WEST 80.00 FEET OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY

PARCEL 4

THE NORTH 3 ACRES OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF THE NORTHWEST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY CALIFORNIA.

EXCEPT THERE FROM THE WEST 330.00 FEET THEREOF.

ALSO EXCEPTING THERE FROM THE EAST 330.00 FEET OF THE NORTH 75.00 FEET THEREOF.

PARCEL 5 A

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, S. B. B & M

EXCEPTING THE NORTH 3 ACRES THEREOF.

PARCEL 5 B

AN UNDIVIDED 1/85th INTEREST IN AND TO THE FOLLOWING:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, S. B. B. & M.; THENCE NORTH ALONG THE WEST LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, 30.00 FEET; THENCE EAST AT RIGHT ANGLES 80.00 FEET; THENCE SOUTH 30.00 FEET; THENCE WEST 80.00 FEET TO THE POINT OF BEGINNING.

PARCEL 6

LOTS 19 TO 31, INCLUSIVE, AND LOT A OF TRACT NO. 2148, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THAT CERTAIN ALLEY ADJOINING SAID LOTS 19 TO 24, INCLUSIVE, ON THE WEST, WHICH WOULD PASS WITH THE CONVEYANCE OF SAID LOTS.

ATTACHMENT NO. 3A
AGENCY PROMISSORY NOTE

\$ _____

_____, 2001
Garden Grove, California

FOR VALUE RECEIVED, the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body corporate and politic (the "Agency"), promises to pay to **PALM COURT LODGING, LLC**, a Colorado limited liability company ("Developer"), promises to pay to or order at the Developer's office at 9100 East Panorama Drive, Suite 300, Denver, Colorado 80112, or such other place as the Developer may designate in writing, the sum of _____ (\$ _____) (the "Note Amount") in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the "Note") is given in accordance with that certain Disposition and Development Agreement executed by the Agency and Developer, dated as of _____, 2001 (the "Agreement"). The rights and obligations of the Developer and the Agency under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail. Except as may be otherwise expressly set forth to contrary effect in this Note, all capitalized terms used herein shall have the same meaning as set forth in the Agreement.

2. Interest. The Note Amount shall bear interest at the rate of _____ percent (___%) per annum, until paid in full.

3. Repayment of Note Amount. The outstanding principal balance and any accrued but unpaid interest of this Note shall be due and payable on the fifteenth (15th) anniversary hereof.

The principal amount of this Note shall be subject to adjustment based upon payments made by the Agency and other adjustments as set forth below.

The Agency shall make monthly payments of \$ _____ on this Note, commencing on the first of (i) the first full month after the Closing, or (ii) the first full month after the termination of the DDA for any reason, whichever occurs first, and payable on each of the next 179 months for a total of 180 monthly payments.

4. [Intentionally Omitted].

5. Attorneys' Fees and Costs. Agency agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

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

7. **Amendments and Modifications.** This Note may not be changed orally, but only by an amendment in writing signed by Developer and by the Agency.

8. **Intentionally Omitted**

9. **Intentionally Omitted**

10. **Terms.** Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

11. **Successors and Assigns.** Whenever "Developer" is referred to in this Note, such reference shall be deemed to include the Palm Court Lodging, LLC and its successors and assigns. All covenants, provisions and agreements by or on behalf of the Agency, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Developer and Developer's successors and assigns.

12. **Usury.** It is the intention of Developer and Agency to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

(a) the provisions of this paragraph shall govern and control;

(b) neither Agency nor Agency's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;

(c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by Developer or, if this Note shall have been paid in full, refunded to Agency; and

(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to Developer for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that Developer may from time to time charge Agency, and under which Agency would have no claim or defense of usury under the Interest Law.

16. **Miscellaneous.** Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Agency irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Orange or the United States District Court of the Central District of California, as Agency hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Agency also waives any objection regarding personal or in rem jurisdiction or venue.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body
corporate and politic

By: _____
Its: _____

ATTACHMENT NO. 3B

DEVELOPER
PROMISSORY NOTE

\$ _____

_____, 2001
Garden Grove, California

FOR VALUE RECEIVED, PALM COURT LODGING, LLC, a Colorado limited liability company ("Developer"), promises to pay to the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic (the "Agency"), at the Agency's office at Garden Grove City Hall, 11222 Acacia Parkway, Garden Grove, California 92642, or such other place as the Agency may designate in writing, the sum of _____ and 00/100 Dollars (\$ _____) (the "Note Amount") in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. **Agreement.** This Promissory Note (the "Note") is given in accordance with that certain Disposition and Development Agreement executed by the Agency and Developer, dated as of _____, 2001 (the "Agreement"). The rights and obligations of the Developer and the Agency under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail. Except as may be otherwise expressly set forth to contrary effect in this Note, all capitalized terms used herein shall have the same meaning as set forth in the Agreement.

2. **Interest.** The Note Amount shall bear no interest. Notwithstanding the foregoing, if any amount is not paid when due hereunder, then interest at the prime lending rate charged to its most favored business customers by the Bank of America N.T.&S.A. or its successor shall accrue upon any unpaid amount from and after the due date for such amount.

3. **Repayment of Note Amount.** The full amount of the Note Amount shall be due and payable on the tenth (10th) anniversary hereof.

The Note Amount shall be subject to adjustment for the Credit Adjustment, as set forth below.

In calculating the amount which remains due and owing under this Note, and provided that the Secondary Conditions Precedent set forth in Section 312 of the Agreement have been satisfied, after the end of each of the first ten (10) Annual Periods, the Agency shall reduce the Note Amount by an amount (the "Credit Amount"), if any, equal to the Generated Revenues received and retained by the Agency and/or the City from the operation of the Project in conformity with this Agreement during the preceding Annual Period, less any Developer Payments made in accordance with Section 311.7 of the Agreement therefrom, provided that such Credit Amounts as aggregated shall in no event exceed the Developer Note Amount. The application of a credit pursuant to this paragraph constitutes a "Credit Adjustment." No payments shall be made to the Developer by virtue of this Section 3. For purposes of determining the amount of Generated Revenues less Developer Payments made therefrom, and the corresponding Credit Amount, all Developer Payments pursuant

to Section 311.7 of the Agreement shall be deemed to be made from Generated Revenues earned during the Annual Period in which such payments are made.

For purposes of this Section, the first "Annual Period" shall be the period which commences on the earlier of (i) the opening for business of the first Conforming Hotel Facility, or (ii) the time established in the Schedule of Performance for the opening for business of the first Conforming Hotel Facility on the Site, and ends at the end of the calendar year next occurring. Each subsequent three hundred sixty five (365) day period shall constitute an "Annual Period."

Concurrently with their filing with the applicable governmental agencies, the Developer shall provide the Agency with copies of each and every sales and use tax return that it has filed during a Annual Period with respect to the Project on the Site. Upon written request by the Agency, the Developer shall promptly take any and all actions which are reasonably deemed necessary by the Agency to assist the Agency in obtaining access to any and all records of the State Board of Equalization and the City which may be pertinent to Sales and Use Tax Revenues and/or Transient Occupancy Tax Revenues, including records pertinent to the Site, the Project, and the Developer, in order to enable the Agency to verify the information contained in said tax returns or reports and to verify such tax revenues. In the event that the Agency requires the receipt of additional information in order to verify the information contained in such sales and use tax returns and such tax revenues, the Agency shall notify the Developer in writing that such information is required. The Developer shall promptly obtain and furnish to the Agency any and all said information as is necessary in order for the Agency to verify the information contained in such tax returns and such tax revenues. The Agency shall have a reasonable amount of time, which is anticipated to be thirty (30) days subject to the receipt of complete information, to verify the information concerning tax revenues as received from the Developer pursuant to Section 201.3 of the Agreement.

4. Waivers.

(a) Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at the Agency's sole discretion and that the Agency may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer.

(b) No extension of time for payment of this Note made by agreement by the Agency with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part unless such terms are in writing and executed by Developer and the Agency.

(c) The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(d) Developer waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by Agency in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure or condition under this Note or the obligations described thereby. A waiver of any term of this Note or of any of the obligations described thereby must be made in writing and shall be limited to the express written terms of such waiver.

5. Attorneys' Fees and Costs. Developer agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

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

7. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Developer and by the Agency.

8. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

9. Acceleration and Other Remedies. Upon: (a) a Default in the performance of the covenants set forth in Section 402 of the Agreement requiring the continuous operation of the Project on the Site; or (b) Developer selling, contracting to sell, giving an option to purchase, conveying, leasing, further encumbering, mortgaging, assigning or alienating, whether directly or indirectly, whether voluntarily or involuntarily or by operation of law, any interest in the Site, or suffering its title, or any interest in the Site to be divested, whether voluntarily or involuntarily, in violation of Section 603 of the Agreement, Agency may, at Agency's option, upon notice and an opportunity to cure as set forth in Section 501 of the Agreement, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Agency shall at all times have the right to proceed against any portion of the security for this Note, if any, in such order and in such manner as such Agency may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of the Agency in exercising any right hereunder, or under the Agreement shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Agency's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment.

10. Consents. Developer hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security,

whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

11. Successors and Assigns. Whenever "Agency" is referred to in this Note, such reference shall be deemed to include the Garden Grove Agency for Community Development and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Agency and Agency's successors and assigns.

12. Usury. It is the intention of Developer and Agency to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

- (a) the provisions of this paragraph shall govern and control;
- (b) neither Developer nor Developer's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;
- (c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by Agency or, if this Note shall have been paid in full, refunded to Developer; and
- (d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to Agency for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that Agency may from time to time charge Developer, and under which Developer would have no claim or defense of usury under the Interest Law.

13. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of

the Superior Court of the State of California for the County of Orange or the United States District Court of the Central District of California, as Agency hereof may deem appropriate in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue.

PALM COURT LODGING, LLC, a Colorado limited liability company

By: QUAD HOLDINGS, LLC, a Colorado limited liability company

By: _____

Its: _____

By: McWHINNEY MANAGEMENT COMPANY, LLC, a Colorado limited liability company

By: _____

Its: _____

ATTACHMENT NO. 4
DEVELOPER CERTIFICATE

(Developer Letterhead)

Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92642
Attention: Director

With respect to that certain Disposition and Development Agreement (the "Agreement") by and between Palm Court Lodging, LLC, a Colorado limited liability company (the "Developer") and the Garden Grove Agency for Community Development (the "Agency") dated as of _____, 2001, the Developer hereby certifies and warrants to the Agency that, as of _____, which is the date of this Developer Certificate:

1. The Construction Disbursement Amount is _____ [insert amount]; this statement is based upon the fact that [as of the time for the satisfaction of the Agency's Conditions Precedent, the construction lender has approved a final loan commitment for such amount] [as of the first time for the satisfaction of the Secondary Conditions Precedent, the construction lender made disbursements to or on behalf of the Developer for the development of the Developer Improvements in such amount].
2. The Verified Developer Amount is _____ [zero, as of the time for the satisfaction of the Agency's Conditions Precedent] [_____ (insert amount) as of the first time for the satisfaction of the Secondary Conditions Precedent].
3. The Developer understands that the Agency will rely upon this Certificate.
4. All capitalized terms shall have the same meanings as set forth in the Agreement.

PALM COURT LODGING, LLC, a Colorado limited liability company

By: QUAD HOLDINGS, LLC, a Colorado limited liability company

By: _____

Its: _____

By: McWHINNEY MANAGEMENT COMPANY, LLC, a Colorado limited liability company

By: _____

Its: _____

CONFIRMATION BY LENDER

_____ [construction lender] confirms that the foregoing is true and correct, and accurately sets forth the Construction Disbursement Amount and the Verified Developer Amount.

Date: _____

[CONSTRUCTION LENDER]

By: _____

Its: _____

Print Name: _____

ATTACHMENT NO. 5

SCHEDULE OF PERFORMANCE

I. GENERAL PROVISIONS

1.	Execution of Agreement by the Agency. The Agency shall execute this Agreement, and if approved, shall deliver two (2) executed copies thereof to the Developer.	Within forty-five (45) days after delivery to the Agency of four (4) executed copies of this Agreement along with Basic Concept Drawings.
2.	Submission of Basic Concept Drawings. Developer submits Basic Concept Drawings to Agency.	Within sixty (60) days after Agency's consideration of Agreement.
3.	Agency Approval or Disapproval of Basic Concept Drawings. Agency shall review the Basic Concept Drawings and approve or disapprove same.	Within ninety (90) days after Agency's consideration of Agreement.
4.	Submission of Design Development Drawings for the Project. The Developer shall prepare and submit to the City and Agency, complete Design Development Drawings.	Within sixty (60) days of the Agency's approval of the Basic Concept Drawings, or the Execution of the Agreement by the Agency, whichever occurs later.
5.	Review of Design Development Drawings and Approval or Disapproval Thereof. The Planning Commission shall consider and approve or disapprove the Design Development Drawings.	Within forty-five (45) days of submission of Design Development Drawings.
6.	Agency/City Council Review of Design Development Drawings and Approval or Disapproval Thereof. The Agency and/or City Council shall consider and approve or disapprove the Design Development Drawings.	Within forty-five (45) days of the Planning Commission's approval of the Design Development Drawings.

II. CONSTRUCTION DRAWINGS

<p>7. Submission of Complete Construction Drawings. Developer shall submit to the Building/Engineering Department complete Construction Drawings.</p>	<p>Within one hundred twenty (120) days after approval of the Design Development Drawings by the City Council and/or Agency.</p>
<p>8. Building/Engineering Review of Complete Construction Drawings. The Building/Engineering Department shall approve or disapprove the complete Construction Drawings.</p>	<p>Within forty-five (45) days after submittal.</p>
<p>9. Revisions of Drawings By the Developer. Developer shall prepare revised Construction Drawings as necessary, and resubmit them to the Building/Engineering Department for review.</p>	<p>Within thirty (30) days after receipt of Building/Engineering's comments.</p>
<p>10. Final Review of Complete Drawings. The Building/Engineering Department shall approve or disapprove the revisions submitted by Developer provided that the revisions necessary to accommodate the Department's comments have been made.</p>	<p>Within fifteen (15) days after submittal by the Developer.</p>
<p>11. Revisions of Construction Drawings by the Developer. Developer shall prepare revised, Construction Drawings as necessary, and resubmit them to the Building/Engineering Department for review.</p>	<p>Within thirty (30) days after Building/Engineering's comments.</p>
<p>12. Final Review of Complete Construction Drawings. The Building/Engineering Department shall approve or disapprove the revisions submitted by the Developer, and Developer shall be ready to obtain building permits, provided that the revisions necessary to accommodate the Department's comments have been made.</p>	<p>Within ten (10) days after submittal by the Developer.</p>

III. CONVEYANCE

13.	Opening of Escrow. The Agency shall open an Escrow with an Escrow Agent.	Within five (5) days after the Agency acquires possession or title to any of the parcels within the Site.
14.	Conditions Precedent. Developer and Agency satisfy all of their respective pre-closing conditions.	No later than the Outside Date.
15.	Close of Escrow for Conveyance. Agency conveys the Site to the Developer.	Ten (10) days after the satisfaction of all Conditions Precedent to the Closing have occurred but no later than the Outside Date.

IV. CONSTRUCTION

16.	Commencement of Construction. Developer shall commence construction of the first one (1) of the two Hotels within the Developer Improvements.	Within sixty (60) days following the Closing, but in no event before the first day after all relocation of eligible persons has occurred, and all entitlements and permits have been obtained by Developer.
17.	Completion of Construction. Developer shall complete construction of the first Hotel within the Developer Improvements (except the Restaurant) within 12 months following the commencement of construction. Developer shall complete the construction of the second Hotel within 36 months following the Closing or 12 months following the commencement of construction of same, whichever occurs first.	As to the first Hotel, within twelve months after commencement. As to the second Hotel within twelve months after commencement or 36 months after close whichever occurs first.
18.	Opening Date. The Project shall open for business upon the Site.	Each Conforming Hotel Facility shall open for business to the public within ninety (90) days after the earlier of completion of construction thereof or the deadline for completion thereof pursuant to Section 17. Opening Date for the Project shall be 36 months following the Closing.

ATTACHMENT NO. 6

SCOPE OF DEVELOPMENT

I. SUMMARY

This document presents general requirements for construction of the Developer Improvements by the Developer on the Site and within the adjacent public rights-of-way. Detailed requirements will be addressed with the submittal and approval of the Basic Concept Drawings, the Design Development Drawings, and Construction Plans and Documents. The construction of the Developer Improvements shall comply with all such approvals. In the event of any inconsistency between this Scope of Development and the approved Basic Concept Drawings, Design Development Drawings and the Construction Plans and Drawings (the "Approved Plans"), the Approved Plans shall govern.

The Developer Improvements shall include two hotels consisting of (i) a 6+-story, approximately 275-room hotel with daily linen service and a 24-hour-a-day staffed front desk with a pool, indoor exercise facility, central lobby area and porte cochere, and required parking and landscaping improvements, along with a 20,000-square foot restaurant pad at Developer's option, subject to the City's entitlement process; and (ii) a 6+-story, approximately 225-room all-suites hotel with daily linen service and a 24-hour-a-day staffed front desk, with a pool, indoor exercise facility, central lobby area and porte cochere, and required parking and landscaping improvements. The Developer Improvements shall also consist of surface parking on the Site in a number and in accordance with a design recommended in the Traffic Analysis and Parking Management Plan prepared for the construction of the Developer Improvements. The Developer Improvements shall also consist of the setback and parking area landscaping, lighting and signage, including without limitation the Project's frontage on Harbor Boulevard.

II. DEVELOPER IMPROVEMENTS

A. Site Description

The Site is an approximately five and one-half (5.5) acre parcel of real property located on the west side of Harbor Boulevard between Chapman Avenue and Twintree Avenue. The Site is to be conveyed to the Developer, contingent upon Agency's acquisition thereof, in accordance with the terms and conditions of the Disposition and Development Agreement between the parties.

B. Developer Improvements

The following shall be the sole financial responsibility of the Developer, unless specifically noted otherwise:

1. All of the Developer Improvements of the Site in accordance with the Agreement, the Basic Concept and Design Development Drawings, approved Site Plan and the approved Construction Plans and Drawings. The Developer Improvements shall include two hotels consisting of (i) an 6+-story, approximately 275-room hotel with daily linen service and a 24-hour-a-day staffed front desk with a pool, indoor exercise facility, central lobby area and porte cochere, and required parking and landscaping improvements ("Hotel No. 1"); and (ii) a 6+-story, approximately 224-room all-suites hotel with daily linen service and a 24-hour-a-day staffed front desk, with a pool,

indoor exercise facility, central lobby area and porte cochere, and required parking and landscaping improvements ("Hotel No. 2). The cost of the above shall be not less than the Minimum Required Cost. The Developer Improvements shall also consist of surface parking on the Site in a number and in accordance with a design recommended in the Traffic Analysis and Parking Management Plan prepared for the construction of the Developer Improvements. The Developer Improvements shall also consist of the setback and parking area landscaping, lighting and signage.

2. All public improvements from the back of the curb face, including sidewalks, driveways, street lights, signs, parkway landscape. All such improvements shall be constructed in accordance with the Harbor Boulevard Streetscape Improvement Plan which is currently being implemented by the Agency on Hotel Sites "A" and "B".

3. All off-site improvements which are desired to be constructed by the Developer which are not a condition of the Approved Plans, this Agreement, or the Traffic Analysis and Parking Management Plan prepared for the construction of the Developer Improvements.

4. The connection to all public utilities serving the Site, regardless of whether the point of connection is at the property line of the Site or within the public right-of-way adjacent to the Site.

C. General Requirements

The Developer shall comply with the following general requirements:

A. The Developer shall devote the property to the uses, and comply with all restrictions, covenants, and conditions, specified in the Agreement.

B. The Developer shall be required to enter into a Reciprocal Easement Agreement for the Combined Site in accordance with Section 100 of the Agreement.

C. The Fixtures/Furnishings and Equipment (FF&E) installed and constructed shall be not less than Ten Thousand Five Hundred Dollars (\$10,500) per each room with sleeping quarters with regard to Hotel No. 1, and Ten Thousand Dollars (\$10,000) per each room with sleeping quarters with regard to Hotel No. 2, consistent with the Developer's proforma dated May 13, 2001, as on file with the Agency, and shall be of equal or greater quality as the FF&E installed and constructed by the Approved Operator or Operators in Approved Products at a majority of all of the facilities in their chain at the time of construction of the Developer Improvements.

4. The average size of all the rooms with sleeping quarters in Hotel No. 1 (or alternative Approved Product) shall be not less than 400 square feet, and the average size of all the rooms with sleeping quarters in Hotel No. 2 (or alternative Approved Product) shall be not less than 400 square feet.

6. All of the Developer Improvements shall be constructed in one phase in accordance with the Schedule of Performance in the Agreement.

D. Architecture and Design of Developer Improvements

Building: The design and architecture of the Hotels shall follow the City's General Plan, the Redevelopment Plan, Harbor Corridor Specific Plan and the concepts set forth in the

Regional/Urban Design Assistance Team Study. The architecture shall be consistent with the cost estimates for construction provided in the Developer's Pro Forma, the Basic Concept and Design Development Drawings and the Construction Plans and Drawings. Particular attention shall be paid to massing, scale, color and materials. The architecture is expected to create a distinct and unique identity with a cohesive, integrated architectural style that complements the surrounding developments.

Each Conforming Hotel Facility shall be designed with interesting and attractive architectural features, such as articulated building elevations which include variation in materials (stone) and colors. The elevations shall, to extent possible, avoid flat or one dimensional elevations. Treatments such as stucco reveals shall be used around the windows to add to the architectural interest of the building. Particular attention shall be given to the main entrance/lobby of the building, which shall include a porte-cochere that completes the main building.

The building shall be placed on Site in a location that allows for the efficient and maximum utilization of the Site and facilitates ingress and egress to and from the Site, and is sensitive to surrounding uses.

Roof material for each Conforming Hotel Facility shall consist of clay or concrete tile. No air conditioning units shall be visible on the exterior building elevations.

Landscape/Hardscape Design: Landscaping for the Site shall be consistent with the planting theme proposed for other hotels in the vicinity, including without limitation, the hotels located at the southwest corner of Chapman Avenue and Harbor Boulevard. The same quality of design shall be maintained in the design and development of the parking area.

The Developer shall incorporate landscape and hardscape treatments throughout the parking area. Street furniture and lighting shall be incorporated into the landscape design and all such features shall be consistent with the Harbor Boulevard Streetscape Improvement Plan.

Project Signage: Project signage shall consist of individual channel letters on the building. All project signage, in terms of color selection, letter style and placement, shall be complementary to the overall architectural theme. Neon light tubing shall surround the exterior of the building at the roof line.

General Conditions: All mechanical equipment and other equipment on the building shall be screened from view from adjacent public streets, and private properties. Loading and trash areas shall be screened from view from the adjacent streets and properties.

All on-site vehicular and pedestrian routes shall be coordinated with Agency and City public improvements and circulation plans and the approved Traffic Analysis and Parking Management Plan.

All on-site utilities shall be installed underground. Utility and related mechanical equipment shall be installed underground or screened from public view.

The Developer shall apply to and receive approvals from the City and the Agency for the project's site design and elevations as required by any and all applicable City codes and regulations and the Agreement.

II. AGENCY IMPROVEMENTS

The following shall be the sole financial responsibility of the Agency, unless specifically noted otherwise:

A. The Agency shall pay for all off-site public improvements, to the back of the curb face, required by the City and as described in the Traffic Analysis and Parking Management Plan, including:

1. A left turn lane into the project for north bound traffic on Harbor Boulevard;
and

2. A right turn deceleration lane into the main driveway entrance to the Project on Harbor Boulevard.

B. The Agency must vacate, abandon or relocate all existing utilities on the Site that would conflict with the Project.

ATTACHMENT NO. 7

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 Palm Court Lodging, LLC)
 9100 East Panorama Dr., Suite 300)
 Denver, Colorado 80210)
 Attention: Navin Dimond)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of _____, 2001, by the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), in favor of **PALM COURT LODGING, LLC**, a Colorado limited liability company (the "Developer"), as of the date set forth below.

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated _____, 1998 concerning the redevelopment of certain real property situated in the City of Garden Grove, California as more fully described in Exhibit "A" attached hereto and made a part hereof.

B. As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer or its successors with a Release of Construction Covenants upon completion of construction of the Developer Improvements (as defined in Section 100 of the DDA), which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Orange County. This Release is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. The Agency has conclusively determined that such construction and development has been satisfactorily completed.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The Developer Improvements to be constructed by the Developer have been fully and satisfactorily completed in conformance with the DDA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA.

IN WITNESS WHEREOF, the Agency has executed this Release this _____ day of _____, 2001.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

By: _____
Its: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling, Yocca, Carlson & Rauth
Agency Special Counsel

EXHIBIT "A" TO ATTACHMENT NO. 7

LEGAL DESCRIPTION

PARCEL 1

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDED OF SAID COUNTY

PARCEL 2

PARCEL 1 OF, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3 A

THE NORTH 75.00 FEET OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY; EXCEPT THE WEST 330.00 FEET THEREOF.

PARCEL 3 B

AND UNDIVIDED 1/70th IN THE SOUTH 30.00 FEET OF THE WEST 80.00 FEET OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY

PARCEL 4

THE NORTH 3 ACRES OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF THE NORTHWEST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY CALIFORNIA.

EXCEPT THERE FROM THE WEST 330.00 FEET THEREOF.

ALSO EXCEPTING THERE FROM THE EAST 330.00 FEET OF THE NORTH 75.00 FEET THEREOF.

PARCEL 5 A

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, S. B. B & M

EXCEPTING THE NORTH 3 ACRES THEREOF.

PARCEL 5 B

AN UNDIVIDED 1/85th INTEREST IN AND TO THE FOLLOWING:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, S. B. B. & M.; THENCE NORTH ALONG THE WEST LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, 30.00 FEET; THENCE EAST AT RIGHT ANGLES 80.00 FEET; THENCE SOUTH 30.00 FEET; THENCE WEST 80.00 FEET TO THE POINT OF BEGINNING.

PARCEL 6

LOTS 19 TO 31, INCLUSIVE, AND LOT A OF TRACT NO. 2148, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THAT CERTAIN ALLEY ADJOINING SAID LOTS 19 TO 24, INCLUSIVE, ON THE WEST, WHICH WOULD PASS WITH THE CONVEYANCE OF SAID LOTS.

ATTACHMENT NO. 8

MAINTENANCE AGREEMENT

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 Garden Grove Agency for Community)
 Development)
 11222 Acacia Parkway)
 Garden Grove, California 92642)
)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

MAINTENANCE AGREEMENT

THIS MAINTENANCE AGREEMENT (the "Agreement") is hereby entered into by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), and **PALM COURT LODGING, LLC**, a Colorado limited liability company (the "Developer"), as of the ____ day of _____, 2001.

RECITALS

A. The Agency and the Developer have entered into a Disposition and Development Agreement ("DDA") on _____, 2001, for the development of two limited service hotels and associated improvements, as more particularly defined in the DDA (the "Project") located on certain real property located in the Garden Grove Redevelopment Project, which is more particularly and legally described on Exhibit "A" attached hereto and made a part hereof (the "Site"). The DDA requires that Developer shall execute this Maintenance Agreement, and shall maintain the improvements and the landscaping on the Site in accordance herewith.

B. The Agency and the Developer desire to set forth herein their respective rights and obligations and the maintenance standards (including without limitation the definition of "Maintenance Standards") concerning the maintenance of all the improvements on-site and off-site in the public right-of-way to the back of the curblin(e)s abutting the boundary of the Site (herein "improvements to the curblin(e)"). The City is an intended third party beneficiary of this Agreement, and shall have the enforcement rights provided herein.

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. Purpose of This Agreement. The purpose of this Agreement is to set forth general maintenance standards and obligations of Developer in its maintenance of the private and public improvements on and within the Site to the back of the curblin(e).

2. Parties to the Agreement. The Garden Grove Agency for Community Development is a public body corporate and politic of the State of California. The "Agency" as used in this Agreement includes the Garden Grove Agency for Community Development and any assignee of or successor to its rights, powers, and responsibilities.

Palm Court Lodging, LLC, is a Colorado limited liability company. The "Developer" as used in this Agreement includes Chapman Suites, LLC, a Colorado limited liability company and any assignee of or successor to its rights, powers and responsibilities.

The City of Garden Grove ("City") is a California municipal corporation. The City is a third party beneficiary of this Agreement.

3. Representatives of the Parties and Services of Notices. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Agency Director

Developer: Palm Court Lodging, LLC
9100 East Panorama Drive, Suite 300
Denver, Colorado 80112
Attention: Navin Dimond

Formal notices, demands and communications to be given hereunder by any party shall be made in writing and may be effected by personal delivery, telecopy, overnight delivery service or by registered or certified mail, postage prepaid, return receipt requested. Notices which are properly mailed shall be deemed communicated not earlier than forty-eight (48) hours after the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address is changed, written notice shall be given, in accord with this section, within five (5) working days of said change.

4. Performance of Maintenance.

a. Developer shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and public improvements and landscaping to the curblines on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curblines abutting the Site.

b. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. The following standards ("Maintenance Standards") shall be complied with by Developer and its maintenance staff, contractors or subcontractors:

1. Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning;

trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

2. Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

3. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

4. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all governing regulations. Precautionary measures shall be employed recognizing that all areas are open to public access.

5. The Developer Improvements (as the term is defined in the DDA) shall be maintained in conformance and in compliance with the approved Site construction and architectural plans and design scheme, as the same may be amended from time to time with the approval of the City (and Agency, if such approval is required) and reasonable commercial development maintenance standards for similar projects, including but not limited to: painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curblines.

6. The Developer Improvements (as defined in the DDA) shall be maintained as required by this Section 4(c) in good condition and in accordance with the custom and practice generally applicable to comparable first-class limited service business hotel facilities located within Orange County, California. The public right-of-way improvements to the curblines shall be maintained as required by this Section 4(c) in good condition and in accordance with the custom and practice generally applicable to public rights-of-way within the City of Garden Grove, California.

5. Failure to Maintain Developer Improvements. In the event Developer does not maintain the private improvements and the public improvements or the Site to the curblines in the manner set forth herein and in accordance with the Maintenance Standards, Agency and/or City shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after written notice to Developer. However, prior to taking any such action, Agency agrees to notify Developer in writing if the condition of said improvements do not meet with the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to the public health and safety of the City or the Agency, then Developer shall have forty-eight (48) hours to rectify the problem.

In the event Developer fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after the period of

correction has lapsed, then City and/or Agency shall have the right to maintain such improvements. Developer agrees to pay Agency such charges and costs. Until so paid, the Agency shall have a lien on the Site for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto; (ii) the lien or charge of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority of any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Developer in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed by the Agency that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Agency and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in this Agreement and the charges levied by the Agency to reimburse the Agency for the cost of undertaking such maintenance obligations of Developer and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships according to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the owner who is liable for the apportioned charges levied by the Agency and secured by the apportioned lien and against no other portion of the Site. Developer acknowledges and agrees City and Agency may also pursue any and all other remedies available in law or equity. Developer shall be liable for reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

6. Compliance with Law. Developer shall comply with all local, state and federal laws relating to the uses of or condition of the Site private improvements and public improvements to the curbline(s). Local laws for the purposes of this section shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or

otherwise), Developer shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

7. Covenants Run with the Land. The Developer Improvements to the curblin(e) and the maintenance thereof touch and concern the Site and inure to the benefit of any and all present or successive owners of the Site. Therefore, whenever the word "Developer" is used herein, it shall include the owner as of date of execution of this Agreement, and any and all successive owners or assigns of the Site, and the provisions hereof are expressly binding upon all such successive owners or assigns, and the parties agree all such provisions shall run with the land. Agency or City shall cause a fully executed copy of this Agreement to be recorded in the Office of the Orange County Recorder. Notwithstanding the foregoing, in the event Developer or its successors or assigns, shall convey its fee interest in all or any portion of the Site, the conveying owner shall be free from and after the date of recording such conveyance of all liabilities, respecting the performance of the restrictions, covenants or conditions contained in this Agreement thereafter to be performed with respect to the Site, or any part thereof, it being intended that the restrictions, covenants and conditions shall be binding upon the record owners of the Site only during such time as they own the same, provided that the conveying owner shall remain liable for any actions prior to the date of the conveyance.

8. Indemnification. Developer agrees to protect, defend, indemnify and hold harmless City and Agency and their elective and appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses or damages of any nature, including reasonable attorney fees, (a) for injury to, or death of, any person, and for injury to any property, including consequential damages of any nature resulting therefrom, arising out of or in any way connected with the performance of this Agreement by Developer or its agents, servants, employees or contractors, but not from (i) the negligence or intentional acts of the City or Agency, or their agents, servants, employees or contractors in connection with supervision or direction of the work, or (ii) third parties unrelated to Developer or its agents, servants, employees or contractors, but not by the City or Agency or their respective agents, servants, employees or contractors and (b) from violation of any statute, law regulation or other legal requirement concerning a safe place for employment of workers by Developer or its agents, servants, employees or contractors, but not by (i) the City or the Agency or their respective agents, servants, employees or contractors or (ii) third parties unrelated to Developer or its agents, servants, employees or contractors.

Developer shall comply with all of the provisions of the Workers' Compensation Insurance and Safety in Employment laws of the State of California, including the applicable provisions of Divisions 4 and 5 of the California Labor Code and all amendments thereto, and all similar state, federal or local laws applicable; and shall indemnify and hold harmless City and Agency from and against all claims, liabilities, expenses, damages, suits, actions, proceedings and judgments of every nature and description, including reasonable attorneys' fees, presented, brought or recovered against City or Agency, for or on account of any liability under any of said laws which may be incurred by reason of work performed under this Agreement by Developer or its agents, servants, employees, contractors, but not by the sole acts of City and/or the Agency or if available, their respective agents, servants, employees or contractors.

City and Agency do not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold harmless agreements because of the acceptance by City or the deposit with the City by Developer of any insurance policies or certificate of insurance purporting to indemnify for the aforesaid losses. The aforesaid hold harmless agreements by Developer shall

apply to all liabilities, claims, expenses and damages of every kind, including but not limited to reasonable attorney fees, suffered or alleged to have been suffered, by reason of the aforesaid operations by Developer or any of its agents, servants, employees or contractors, regardless of whether or not such insurance policies are applicable.

Similarly, the City and the Agency shall protect, defend, indemnify, and hold harmless Developer, its successors and assigns, and/or if available, their respective boards, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including reasonable attorney's fees, (a) for injury to, or death of, any person, and for injury to any property, including consequential damages of any nature resulting therefrom, arising out of or in any way connected with the acts or inactions taken by the City and/or the Agency pursuant to the terms of this Agreement, but not the negligence or intentional acts of Developer, or its agents, servants, employees or contractors; and (b) from violation of any statute, law, regulation, or other legal requirement concerning a safe place for employment of workers by the City and/or the Agency, or their respective agents, servants, employees or contractors or by (i) Developer or its agents, servants, employees or contractors or (ii) third parties unrelated to the City or Agency or their respective agents, servants, employees or Contractors.

The City and/or the Agency shall comply with all the provisions of the Workers' Compensation Insurance and Safety and Employment Laws of the State of California, including the applicable provisions of Divisions 4 and 5 of the California Labor Code and all amendments thereto, and all similar state, federal or local laws applicable; and shall indemnify and hold harmless Developer and its successors and assigns, from and against any and all claims, liabilities, expenses, damages, suits, actions, proceedings and judgments of every nature and description, including reasonable attorneys' fees, presented, brought or recovered against Developer or its successors and assigns, for or on account of any liability under any of said laws which may be incurred by reason of any work performed under this Agreement by the City and/or Agency, or their respective agents, servants, employees or contractors, but not by (i) Developer or its agents, servants, employees or contractors or (ii) third parties unrelated to the City or Agency or their respective agents, servants, employees or contractors.

Developer or its successors or assigns do not, and shall not, waive any rights against the City and/or the Agency which it (they) may have by reason of the aforesaid hold harmless agreement because of any insurance policies or certificates of insurance purporting to indemnify for the aforesaid losses. The aforesaid hold harmless agreement by the City and/or the Agency shall apply to all liabilities, claims, expenses and damages of every kind, including, but not limited to, reasonable attorney's fees, suffered or alleged to have been suffered, by reason of the aforesaid operations by the City and/or the Agency, or their respective agents, servants, employees or contractors, regardless of whether or not such insurance policies are applicable.

9. Workers Compensation Insurance Requirements. Developer shall obtain and maintain during the life of this Agreement workers' compensation insurance and if any work is subcontracted by Developer, then Developer shall require the subcontractor similarly to provide workers' compensation insurance. Developer agrees to indemnify City and Agency for any damages resulting to it from failure of either Developer or any subcontractor to obtain or maintain such insurance.

10. Bodily Injury and Damage Insurance Requirements. The Developer shall defend, assume all responsibility for and hold the Agency and the City and their officers, employees, and

agents, harmless from, all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement.

11. Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default as set forth in Section 3 hereof. The defaulting party must within a reasonable time commence to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable and due diligence, and during such period or curing shall not be in default. The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies City, Agency, or Developer may have at law or at equity.

12. Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Developer and the Agency.

13. Attorney's Fees. In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

IN WITNESS WHEREOF, the parties hereto have executed this Maintenance Agreement as of the dates set forth below.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

By: _____
Chairman
"AGENCY"

ATTEST:

Secretary of the Agency

APPROVED AS TO FORM:

Stradling, Yocca, Carlson & Rauth,
Agency Counsel

**PALM COURT LODGING, LLC, a Colorado
limited liability company**

By: **QUAD HOLDINGS, LLC, a Colorado
limited liability company**

By: _____
Its: _____

By: **McWHINNEY MANAGEMENT
COMPANY, LLC, a Colorado limited
liability company**

By: _____
Its: _____

"DEVELOPER"

EXHIBIT "A" TO ATTACHMENT NO. 8

LEGAL DESCRIPTION OF THE SITE

PARCEL 1

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

PARCEL 1 OF, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 18, PAGE 26, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3 A

THE NORTH 75.00 FEET OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY; EXCEPT THE WEST 330.00 FEET THEREOF.

PARCEL 3 B

AND UNDIVIDED 1/70th IN THE SOUTH 30.00 FEET OF THE WEST 80.00 FEET OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF SAID NORTHEAST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46,47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY

PARCEL 4

THE NORTH 3 ACRES OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS THE EAST HALF OF THE NORTHWEST QUARTER IS INDICATED ON A MAP OF TRACT NO. 2148, RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY CALIFORNIA.

EXCEPT THERE FROM THE WEST 330.00 FEET THEREOF.

ALSO EXCEPTING THERE FROM THE EAST 330.00 FEET OF THE NORTH 75.00 FEET THEREOF.

PARCEL 5 A

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, S. B. B & M

EXCEPTING THE NORTH 3 ACRES THEREOF.

PARCEL 5 B

AN UNDIVIDED 1/85th INTEREST IN AND TO THE FOLLOWING:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, S. B. B. & M.; THENCE NORTH ALONG THE WEST LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, 30.00 FEET; THENCE EAST AT RIGHT ANGLES 80.00 FEET; THENCE SOUTH 30.00 FEET; THENCE WEST 80.00 FEET TO THE POINT OF BEGINNING.

PARCEL 6

LOTS 19 TO 31, INCLUSIVE, AND LOT A OF TRACT NO. 2148, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 58, PAGES 46, 47 AND 48 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THAT CERTAIN ALLEY ADJOINING SAID LOTS 19 TO 24, INCLUSIVE, ON THE WEST, WHICH WOULD PASS WITH THE CONVEYANCE OF SAID LOTS.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

Title(s)

- Partner(s) Limited
- General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION AGREEMENT** ("Assignment Agreement") is entered into this 27th day of April, 2004, by and between **PALM COURT LODGING, LLC**, a California limited liability company (herein "Assignor") and **KAM SANG COMPANY, INC.**, a California corporation, and/or a new and separate LLC to be formed or an LLC to be formed, of which Kam Sang or Ronnie Lam is the sole or majority member and manager" (herein "Assignee"), and consented to by the Garden Grove Agency for Community Development, a public body, corporate and politic ("Agency").

RECITALS

A. Assignor entered into a Disposition and Development Agreement (herein "DDA") dated June 4, 2001 with the Agency pursuant to which Assignor agreed to acquire from the Agency certain property in the City of Garden Grove, County of Orange, State of California subject to certain conditions and obligations set forth in the DDA, all as more particularly described in the DDA (herein the "Property" or the "Site"). Assignee is interested in assuming the obligations of the Developer under said DDA from Assignor, including certain additional proposed terms outlined below.

B. Assignor is hereby assigning all of its rights, obligations, and interests under the DDA to Assignee upon the date of execution of this Assignment Agreement.

C. Assignee is hereby assuming all of Assignor's rights and obligations and all other terms and conditions under the DDA except, any and all liability resulting in a claim, cost, or cause of action, that are known or unknown, contingent or fixed, that occur prior to the execution of this Assignment Agreement.

AGREEMENT

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

Section 1. Assignor hereby assigns, transfers, and conveys to Assignee, and Assignee hereby accepts such assignment and fully assumes, all of the rights, benefits, burdens, and obligations of Assignor under the DDA, and Assignee agrees to observe and fully perform all of the duties and obligations of Assignor under the DDA, and to be subject to all of the terms and conditions thereof, except as expressly set forth herein. It is the express intention of both Assignor and Assignee that, upon the execution of this Assignment Agreement, Assignee shall become substituted for Assignor as the "Developer" under the DDA, and Assignor shall be released by the Agency from further liability under the DDA arising from any cause occurring on or after the effective date of this Assignment Agreement.

Section 2. Assignee understands and agrees that this Assignment Agreement is subject to Section 603 of the DDA. By its execution of the consent block following Assignor's and Assignee's signatures, the Agency (i) accepts and approves the assignment of the Assignor's interest under the DDA, (ii) accepts and approves the assumption of the Assignor's obligations under the DDA by Assignee, and (iii) releases Assignor, its employees, agents, managers, members, attorneys, affiliates, and successors, from any and all liability under the DDA arising from any cause occurring on or after the effective date of this Assignment Agreement.

Section 3. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all actions, claims, damages, liens, liability, costs and expenses including, without limitation, reasonable attorneys' fees, arising under and/or concerning the DDA after the effective date of this Agreement. In addition, Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all actions, claims, damages, liens, liability, costs and expenses including, without limitation, reasonable attorneys' fees, arising under and/or concerning the DDA prior to the effective date of this Agreement. Notwithstanding the foregoing, nothing in this section or this Assignment Agreement is intended to release Assignee of any liability for its own acts or negligence or arising out of its violation of this Assignment Agreement.

Section 4. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, successors and assigns.

Section 5. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

Section 6. Assignee agrees that it has read, and has sought and received all required legal and other expert consultation with regard to the DDA, and fully understands all of its terms and conditions. Assignee further agrees that it has voluntarily, freely and knowingly assumed and agreed to perform all of the obligations and requirements, and be bound by all of the provisions of such documents and materials, except as otherwise expressly set forth herein. Assignee agrees to be a general partner of any limited liability company or similar structure that may be formed as a part of this Agreement and any subsequent agreement or agreements. Assignee also accepts additional terms and conditions and modifications of the DDA as follows:

- (a) Section 201.1 of the DDA, which outlines the terms of the "Agency Loan" for the acquisition of properties within the development project area is hereby deleted;
- (b) Assignee agrees to advance the sum of one million, five hundred fifty-four thousand, five hundred ninety dollars (\$1,554,590) to the Agency for the purpose of payment of the US Bank Certificates of Participation, 2002 Series A bond payments of \$572,295.00 due August 1, 2004, and \$982,295.00 due March 1, 2005 (the "Advances"). Such Advances will be repaid to the Assignee in two installments: The first installment of \$750,000.00, will be repaid to Assignee at the start of construction of Hotel No. 1 (defined as commencement of pouring foundations), and the second installment of \$804,590.00, will be paid at the issuance of a final certificate of occupancy for Hotel No. 1; and
- (c) Add the provision that such advances are contingent upon Agency's approval to include the following properties in the Project: 12241, 12151, 12291 and 12311 Harbor Boulevard (AP Nos. 231-471-02,06,09 & 10), and 12552, 12292, and 12322 Thackery Drive (AP Nos. 231-471-13, 14 & 17), as well as three additional properties on Thackery Drive that are not part of the original development site; Those properties are 12251, 12261 and 12281 Thackery Drive (AP Nos. 231-471-19,20 & 21). The Agency will notify Assignee by letter of its intent on or before July 15, 2004, as to whether or not Agency will include such properties in the Project.

- (d) The Schedule of Performance and Scope of Development, as attached to this Assignment Agreement as Exhibits A and B respectively, shall be inserted into the DDA in substitution for Attachment No. 5 and Attachment No. 6 of the DDA, respectively.
- (e) In the event the Project becomes lifeless after the Developer has advanced the \$1,554,590.00 bond payments described in Paragraph 6(b) above, the Agency shall reimburse the \$1,554,590.00 advanced payments to Developer with accrued interest at 10% within the 12 months from the date that the DDA is terminated or the date on which the Developer's interest in the DDA is assigned to a new developer, whichever occurs sooner.
- (f) Paragraphs 1 and 2 of Section 311.7 of the DDA are amended to read as follows:

311.7 Agency Assistance Payments. In consideration for Developer's performance of the covenants set forth hereinbelow, and in the event that the Developer has complied with each of the Secondary Conditions Precedent on a substantially continuous basis during the preceding Year (as defined in Section 201.3), and the Secondary Conditions Precedent remain satisfied, the Agency shall with respect to each of the first seven (7) Years disburse a "Developer Payment" to the Developer (or such nominee as the Developer shall designate in writing; provided that not more than one nominee shall be designated as to a given Annual Period), an amount equal to that as set forth below for each of the seven (7) Years:

	Hotel 1	Hotel 2
Year 1	\$550,000	\$550,000
Year 2	\$500,000	\$500,000
Year 3	\$450,000	\$450,000
Year 4	\$450,000	\$450,000
Year 5	\$450,000	\$450,000
Year 6	\$200,000	\$200,000
Year 7	\$150,000	\$150,000

The total of the Developer Payments to be paid to the Developer shall not exceed Five Million Five Hundred Thousand Dollars (\$5,500,000).

The Agency and Developer shall together undertake an effort to finance at least one half of the aforesaid \$5.5 Million Agency Assistance Payments promptly at the time of construction start. In the event Developer shall bring forth a third party lender for the loan, Agency shall assist Developer to secure the financing in that by the Developer's request, Agency shall consider any such

proposed lender in good faith and shall not unreasonably withhold its consent thereto.

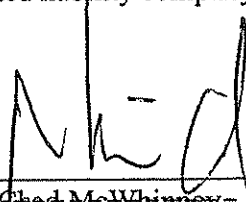
Section 7. In the event either party shall bring legal action to enforce or interpret the terms of this Assignment Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs as part of its judgment.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement as of the date and year first above written.

ASSIGNOR

PALM COURT LODGING, LLC:
a Colorado limited liability company

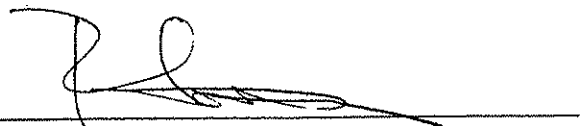
By:

By: 
Chad McWhinney - Navin Dimond
Its: Manager

ASSIGNEE

KAM SANG COMPANY, INC.,
a California corporation

By:


Ronnie Lam
Its President



CONSENT OF AGENCY TO ASSIGNMENT

The Garden Grove Agency for Community Development hereby acknowledges that the above Assignment is permitted pursuant to the DDA, and releases Assignor from any further liability under the DDA arising after the date of the Assignment.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

By: Matthew Fental

ATTEST:

Lucretia Amos
Agency Secretary

EXHIBIT A
Schedule of Performance

Handwritten signature or initials in the bottom right corner of the page.

EXHIBIT A

SCHEDULE OF PERFORMANCE

I. GENERAL PROVISIONS

1.	Execution of Assignment Agreement by the Agency. The Agency shall execute this Agreement, and shall deliver two (2) executed copies thereof to the Developer.	Within fifteen (15) days after delivery to the Agency of four (4) executed copies of the Assignment Agreement.	✓
2.	Submission of Basic Concept Drawings. Developer submits Basic Concept Drawings to Agency	Within sixty (60) days after Agency's consideration of Agreement. Assuming if start on May 1, 2004	✓
3.	Agency Approval or Disapproval of Basic Concept Drawings. Agency shall review the Basic Concept Drawings and approve or disapprove same.	Within ninety (90) days after Agency's consideration of Agreement. July 1, 2004	✓
4.	Submission of Design Development Drawings for the Project. The Developer shall prepare and submit to the City and Agency, complete Design Development Drawings.	Within sixty (60) days of the Agency's approval of the Basic Concept Drawings, or the Execution of the Agreement by the Agency, whichever occurs later. September 1, 2004	✓
5.	Review of any revisions to Design Development Drawings and Approval or Disapproval Thereof. The Planning Commission shall consider and approve or disapprove the Design Development Drawings.	Within forty-five (45) days of submission of Design Development Drawings. October 15, 2004	✓

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II. CONSTRUCTION DRAWINGS

<p>7. Submission of Complete Construction Drawings. Developer shall submit to the Building/Engineering Department complete Construction Drawings.</p>	<p>Within one hundred twenty (150) days after approval of the Design Development Drawings by the City Council and/or Agency.</p> <p>March 15, 2005</p>
<p>8. Building/Engineering Review of Complete Construction Drawings. The Building/Engineering Department shall approve or disapprove the complete Construction Drawings.</p>	<p>Within forty-five (45) days after submittal.</p> <p>May 1, 2005</p>
<p>9. Revisions of Drawings By the Developer. Developer shall prepare revised Construction Drawings as necessary, and resubmit them to the Building/Engineering Department for review.</p>	<p>Within thirty (30) days after receipt of Building/Engineering's comments.</p> <p>June 1, 2005</p>
<p>10. Final Review of Complete Drawings. The Building/Engineering Department shall approve or disapprove the revisions submitted by Developer provided that the revisions necessary to accommodate the Department's comments have been made.</p>	<p>Within fifteen (15) days after submittal by the Developer.</p> <p>June 15, 2005</p>
<p>11. Revisions of Construction Drawings by the Developer. Developer shall prepare revised, Construction Drawings as necessary, and resubmit them to the Building/Engineering Department for review.</p>	<p>Within thirty (30) days after Building/Engineering's comments.</p> <p>July 15, 2005</p>
<p>12. Final Review of Complete Construction Drawings. The Building/Engineering Department shall approve or disapprove the revisions submitted by the Developer, and Developer shall be ready to obtain building permits, provided that the revisions necessary to accommodate the Department's comments have been made.</p>	<p>Within fifteen (15) days after submittal by the Developer.</p> <p>August 1, 2005</p>

III. CONVEYANCE

13.	Opening of Escrow. The Agency shall open an Escrow with an Escrow Agent.	Within five (5) days after the Agency acquires possession or title to any of the parcels within the Site.
14.	Conditions Precedent. Developer and Agency satisfy all of their respective pre-closing conditions per the DDA and Assignment Agreement and related documents.	No later than the Outside Date. October 31, 2004
15.	Close of Escrow for Conveyance. Agency conveys the Site to the Developer.	Ten (10) days after the satisfaction of all Conditions Precedent to the Closing have occurred but no later than the Outside Date. August 15, 2005

IV. CONSTRUCTION

16.	Commencement of Construction. Developer shall commence construction of the first one (1) of the two Hotels within the Developer Improvements.	Within sixty (60) days following the Closing, but in no event before the first day after all relocation of eligible persons has occurred, and all entitlements and permits have been obtained by Developer. October 15, 2005
17.	Completion of Construction. Developer shall complete construction of the first Hotel within the Developer Improvements (except the Restaurant) within 18 months following the commencement of construction. Developer shall commence the construction of the second Hotel within 12 months following the opening of the first Hotel.	As to the first Hotel, within 18 months after commencement. As to the second Hotel within twelve months after the opening of the first Hotel. Hotel No. 1 – May 2007 Hotel No. 2 – May 2009 (tentatively)
18.	Opening Date. The Project shall open for business upon the Site.	Each Conforming Hotel Facility shall open for business to the public within ninety (90) days after the earlier of completion of construction thereof or the deadline for completion thereof pursuant to Section 17. Opening Date for the Project shall be 36 months following the Closing.

Garden Grove Long Range Property Management Plan

No.	Property Type	HSC 34191.5(c)(2)		HSC 34191.5(c)(1)(A)			Date of Estimated Current Value	Sale of Property		HSC 34191.5(c)(1)(B)			HSC 34191.5(c)(1)(C)			HSC 34191.5(c)(1)(D)	HSC 34191.5(c)(1)(E)		HSC 34191.5(c)(1)(F)		HSC 34191.5(c)(1)(G)		HSC 34191.5(c)(1)(H)	
		Permissible Use	Permissible Use Detail	Acquisition Date	Value At Purchase	Estimated Current Value		Value Basis	Proposed Sale Value	Proposed Sale Date	Purpose for Which Property Was Acquired	Address	APN	Lot Size	Current Zoning	Estimate of Current Value	Est. of Income/Revenue (Annual)	Contractual Req. for Use of Inc/Revenue	Environmental History	TOD Potential	History of Previous Development Proposals & Activity			
PROPERTIES SUBJECT TO AN ENFORCEABLE OBLIGATION																								
WATERPARK HOTEL DDA (ROPS ITEM NO.19)																								
1	Vacant Lot	Properties subject to an enforceable obligation	For redevelopment purposes per a DDA dated May 7, 2010 and approved by the DOF via a final and conclusive determination dated February 6, 2013. Additionally, an easement pertaining to these properties was approved by the Oversight Board on June 26, 2013, and approved by the DOF on August 9, 2013. Refer to 5/29/13 cover letter additional information about these properties and this project.	4/4/03	\$ 5,506,400	\$ 15,300,000	Based on an appraisal for comparable Harbor Blvd properties	7/9/12	\$0 ¹	12/1/13	Properties are located in a redevelopment project area and Harbor Blvd. Corridor Specific Plan, which identifies resort and tourist oriented development as the development goal for the Harbor corridor and is consistent with the Agency Five Year Implementation Plan.	12625 Harbor Blvd	231-431-02	186,418	Commercial	\$ 15,300,000	\$0.00	N/A	No known or significant environmental issues. Arsenic on Ton properties remediated. See attached report from Phase I, Inc. dated 6/27/2012.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	Resort hotel, retail and entertainment projects: -Riverwalk Resort (1998) PUD-121-98 -Great Wolf Resort (2009) CUP-303-10			
2	Vacant Lot			4/4/03	\$ 4,014,980	\$ 15,300,000						12721 Harbor Blvd	231-431-03	186,418	\$ 15,300,000	\$0.00								
3	Vacant Lot			3/24/09	\$ 2,438,306	\$ 2,177,000						12591 Harbor Blvd	231-441-40	26,545	\$ 2,177,000	\$0.00								
4	Vacant Lot			5/11/10	\$ 1,494,000	\$ 1,550,000						12581 Harbor Blvd	231-441-39	18,900	\$ 1,550,000	\$0.00								
5	Vacant Lot			7/14/09	\$ 722,025	\$ 1,890,000						12601 Leda Lane	231-441-27	23,100	\$ 1,890,000	\$0.00								
6	Vacant Lot			3/16/11	\$ 758,183	\$ 1,860,000						12602 Leda Lane	231-441-29	22,680	\$ 1,860,000	\$0.00								
7a	Easement			3/10/12	\$ 25,000	\$ 32,800						Well Parcel	231-441-28	400	\$ 32,800	\$0.00								
BROOKHURST TRIANGLE DDA (ROPS ITEM NO.22)																								
8	Parking lot	Properties subject to an enforceable obligation	Properties are to be transferred to the Developer per a DDA dated 11/23/10 and approved by DOF on previous ROPS. Refer to 5/29/13 cover letter.	7/31/06	\$ 1,414,482	\$ 1,389,000	Based on an appraisal	3/7/06	\$0 ²	Phase I-1/30/14 \$6 million Phase II-1/30/16 \$18 million	Properties are located in a redevelopment project area where mixed-use and housing development are identified as the development goal and is consistent with the Agency Five Year Implementation Plan.	10111 G.G. Blvd	089-071-11	21,700	Mixed Use PUD/High Density Residential Development	\$ 1,389,000	\$0.00	N/A	Some environmental issues have been identified in various reports: 10151 Garden Grove Blvd: Contamination levels for PCE, gas, oil, and hydrocarbons exceed maximum concentration levels based on phase two report dated May 18, 2007. Remediation will be needed. (Dai Lee) 10081 Garden Grove Blvd: Phase two report dated April 20, 2007 indicated no contamination at the site.	The proposed development will be located on the north west corner of Brookhurst Street and Garden Grove Blvd., which are both major arterial streets carrying 50,000 vehicles per day and a major public bus transit line with heavy ridership.	Residential housing, hotel, and retail projects: -Urban Pacific Builders, LLC ENA Approved 02/28/06 -JPI Calif. Dev. Services LLC. NA Approved 03/25/06 -Kam Sang Mixed Use PUD-123-09			
9	Commercial/Retail Automotive			10/9/07	\$ 12,965,026	\$ 10,733,000						10151 G.G. Blvd.	089-071-25	94,961		\$ 10,733,000	\$81,000.00							
10	Commercial/Retail Automotive			10/9/07								10115 G.G. Blvd.	089-071-12	72,745		\$43,200.00	\$0.00							
11	Commercial/Retail Automotive				12861-65 Brookhurst St.	089-071-08	34,080		\$0.00															
12	Commercial/Retail Parking Lot	Properties subject to an enforceable obligation	Proceeds are to be distributed based on approved ROPS 13-14B. Net proceeds to be remitted to County for distribution to the taxing entities.	3/27/07	\$ 13,067,010	\$ 16,103,552	Based on an appraisal	3/7/06	\$0 ²	Phase I-1/30/14 \$6 million Phase II-1/30/16 \$18 million	Properties are located in a redevelopment project area where mixed-use and housing development are identified as the development goal and is consistent with the Agency Five Year Implementation Plan.	10081 G.G. Blvd.	089-071-13	31,640	Mixed Use PUD/High Density Residential Development	\$ 16,103,552	\$36,000.00	N/A						
13	Commercial/Retail Parking Lot			3/27/07								10081 G.G. Blvd.	089-071-07	147,233		\$0.00								
14	Commercial/Retail Parking Lot			3/27/07								No Address	089-071-14	14,780		\$0.00								
15	Commercial/Retail Parking Lot	Properties subject to an enforceable obligation	Proceeds are to be distributed based on approved ROPS 13-14B. Net proceeds to be remitted to County for distribution to the taxing entities.	8/20/02	\$ 5,312,198	\$ 19,656,000	Based on an appraisal	3/7/06	\$0 ²	Phase I-1/30/14 \$6 million Phase II-1/30/16 \$18 million	Properties are located in a redevelopment project area where mixed-use and housing development are identified as the development goal and is consistent with the Agency Five Year Implementation Plan.	No Address	089-661-03	34,000	Mixed Use PUD/High Density Residential Development	\$ 19,656,000	\$0.00	N/A						
17	Vacant Lot			8/20/02								No Address	089-661-04	72,745		\$0.00								
18	Vacant Lot			8/20/02								No Address	089-661-05	88,862		\$0.00								
19	Vacant Lot				12882 Brookhurst Way	089-071-24	111,514	\$0.00	\$0.00															
SITE B2 DDA (ROPS ITEM NO.20)																								
21	Vacant Lot	Properties subject to an enforceable obligation	Properties are to be transferred to the developer per a Disposition and Development Agreement dated June 2001. Funding approved by the Department of Finance on Sept. 17, 2012. Refer to 5/29/13 cover letter.	5/11/04	\$ 1,155,815	\$ 525,000	Based on an appraisal for comparable Harbor Blvd properties. Please note that items 21 and 28 were purchased together.	7/9/12	\$0 ³	6/15/14	Properties are located in a redevelopment project area and Harbor Blvd. Corridor Specific Plan, which identifies resort and tourist oriented development as the development goal for the Harbor corridor and is consistent with the Agency Five Year Implementation Plan.	12241 Harbor Blvd	231-471-06	6,400	Commercial PUD/Tourist Oriented Development	\$ 525,000	\$0.00	N/A	No known environmental issues. No environmental investigations have been conducted due to former residential uses.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	Resort hotel and retail project: -Palm Court Lodging, LLC PUD-141-01 -Newage Garden Grove, LLC Assignment Agreement approved 04/27/2004			
22	Vacant Lot			9/10/02	\$ 319,705	\$ 525,000						12261 Harbor Blvd	231-471-07	6,400		\$ 525,000	\$0.00							
23	Vacant Lot			8/13/02	\$ 302,660	\$ 488,000						12271 Harbor Blvd	231-471-08	5,954		\$ 488,000	\$0.00							
24	Vacant Lot			11/12/02	\$ 416,592	\$ 525,000						12321 Harbor Blvd	231-471-11	6,400		\$ 525,000	\$0.00							
25	Vacant Lot			4/2/02	\$ 241,522	\$ 640,000						12322 Thackery Dr.	231-471-12	7,800		\$ 640,000	\$0.00							
26	Vacant Lot			4/9/02	\$ 285,074	\$ 517,000						12292 Thackery Dr.	231-471-16	6,000		\$ 492,000	\$0.00							
27	Vacant Lot			8/20/02	\$ 282,937	\$ 492,000						12252 Thackery Dr.	231-471-17	6,000		\$ 492,000	\$0.00							
28	Vacant Lot	5/11/04	See Item No. 21	\$ 492,000	12246 Thackery Dr.	231-471-18	6,000	\$ 492,000	\$0.00															
29	Vacant Lot	4/23/02	\$ 310,793	\$ 492,000	12311 Thackery Dr.	231-471-23	6,530	\$ 492,000	\$0.00															
PROPERTIES RETAINED FOR GOVERNMENTAL PURPOSE																								
GARDEN GROVE HIGHER EDUCATION CENTER PARKING LOT																								
30	Parking Lot	Retained for Governmental purpose	These parcels, which provide parking for education/school uses, including California State University, Fullerton and Coastline Community College, has been placed in this category for Transfer per HSC 34181(a).	Unknown	Unknown	Encumbered by 99 yr. lease. 2002 Non-encumbered est. value - \$3.267M	Leasehold Analysis	N/A	N/A	N/A	Project met goals and objectives of redevelopment project area plan by providing parking for the Higher Education Center.	Parking lot @ Education Center	090-163-43 & 090-163-44	139,392	Community Center Specific Plan	Encumbered by 99 yr. lease. 2002 Non-encumbered est. value - \$3.267M	\$0.00	N/A	No known environmental issues	N/A	Office Development (1969)			
JORDAN MANOR GREENBELT/PARK																								
32	Park and associated Parking Lot	Retained for Governmental purpose	This property, primarily a green belt/park, has been placed in this category for Transfer per HSC 34181(a).	8/1/83	\$45,391	Unknown	Undetermined	N/A	N/A	N/A	Property was acquired to primarily provide open space, in the form of a small greenbelt, adjacent to the Jordan Manor Senior Housing project	11441 Acadia Pkwy	090-153-27	6,795	Community Center Specific Plan			N/A	No known environmental issues	N/A	N/A			
33	Former Retail/Restaurant	Retained for Governmental purpose	Transfer per HSC 34181(a)	7/14/09	\$ 2,908,252	\$ 2,525,000	Based on an appraisal for nearby properties	4/21/10	N/A	N/A	Intended for future Fire Department Headquarters	12900 Euclid St.	090-164-37	81,457	Community Center Specific Plan	\$ 2,525,000	\$0.00	N/A	No known environmental issues	Properties located in Civic Center, near bus line.	N/A			
34	Parking Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	4/8/78	\$ 37,000	\$ 37,000	Acquisition Value	Unknown	N/A	N/A	To provide parking for the Village Green Park and the Gem Theater	12852 Main St.	090-141-06	7,600	Community Center Specific Plan	\$ 37,000	\$0.00	N/A	No known environmental issues	N/A	N/A			
35	Vacant Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	8/17/00	\$ 166,516	\$ 238,440	Appraisal	4/21/10	N/A	N/A	Intended for future Fire Station No. 6 in conjunction with City purchased properties.	12421 Harbor Blvd*	231-451-36	5,961	Harbor Corridor Specific Plan	\$ 238,440	\$0.00	N/A	No known environmental issues	N/A	N/A			
36	Vacant Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	8/17/00	\$ 171,516	\$ 238,440	Appraisal	4/21/10	N/A	N/A	Intended for future Fire Station No. 6 in conjunction with City purchased properties.	12411 Harbor Blvd*	231-451-37	5,961	Harbor Corridor Specific Plan	\$ 238,440	\$0.00	N/A	No known environmental issues	N/A	N/A			
37	Family Resource Center	Retained for Governmental purpose	Transfer per HSC 34181(a)	2/10/86	\$ 72,900	\$ 72,900	Land value only	N/A	N/A	N/A	Neighborhood Improvement	12661 Sunswep Avenue	198-121-12	9,720	R-3	\$ 72,900	\$0.00	N/A	No known environmental issues	N/A	Jamboree Housing-Affordable housing			
38	Remnant Property (fmlly described as a Pedestrian Bridge)	Retained for Governmental purpose	Transfer per HSC 34181(a)	6/28/95	\$ 17,028	\$0.00	N/A	N/A	N/A	N/A	It was part of a larger purchase for the development of 2 Single Family Homes. This piece is unusable.	No Address	101-351-51	5,996	N/A	\$0.00	\$0.00	N/A	No known environmental issues	N/A	N/A			
39	Nonprofit Institutional Building	Retained for Governmental purpose	Transfer per HSC 34181(a)	10/9/91	\$ 1,200,000.00	\$ 1,200,000.00	Carrying Value	N/A	N/A	N/A	The former city hall site, this was intended to provide community benefit of Senior Day Care	11391 Acadia Pkwy	090-154-57	72,390	Community Center Specific Plan	\$ 1,200,000	\$0.00	N/A	No known environmental issues	N/A Property is developed as a non-profit adult day care center	N/A			
PROPERTIES RETAINED FOR FUTURE DEVELOPMENT																								
40	Restaurant-Vacant	Retained for future development	To be transferred to the city for future development pursuant to HSC 34191.5(c)(2)(A) and HSC 34191.5(c)(2)(B).	7/13/10	\$ 2,400,000	\$ 2,100,000	Based on purchase offers		\$2,100,000	12/1/13	Acquisition met goals and objectives of redevelopment project area plan in that it addressed a physical blight as a vacant structure in the heart of the resort district.	12361 Chapman Ave	233-171-23	20,908	PUD-113-96	\$ 2,100,000	\$0.00	N/A	No Known environmental issues	Not conducive to TOD	N/A			
SITE C																								
41	Vacant Lot	Retained for future development		10/4/08	\$ 2,158,270	\$ 4,438,000										\$ 4,438,000	\$0.00	N/A						
42	Vacant Lot	Retained for future development		3/10/09	\$ 5,158,445	\$ 5,097,000										\$ 426,710	\$0.00	N/A						
43	Vacant Lot	Retained for future development	DDA covering these properties was not approved by the DOF. Properties to be transferred to City for future development pursuant to HSC 34191.5(c)(2)(A) and HSC 34191.5(c)(2)(B). The City has entered into a development agreement with the Developer to construct the project. Refer to 5/29/13 cover letter.	11/27/12	\$ 5,175,000	\$ 3,065,000	Based on appraisal for neighboring properties under development.	7/9/12	\$0 ³	6/1/14	Project met goals and objectives of redevelopment project area plan. Refer to attached cover letter.	12222 Harbor Blvd	231-491-20	34,948	Commercial PUD/Tourist Oriented Development	\$ 3,065,000	\$0.00	N/A	Some environmental issues have been identified in various reports: 12222 Harbor Blvd: See phase two report dated March 10, 2009. 12252 Harbor Blvd: See phase one report dated August 26, 2009. 12262, 12272, 12292 Harbor Blvd: See phase one report dated June 18, 2010.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	-DDA approved 6/14/2011 -Land and Design, LLC PUD-126-12			
44	Single Family Homes	Retained for future development	4/10/12	\$ 393,636	\$ 470,000	12262 Harbor Blvd						231-531-03	15,300	\$ 1,950,000		\$0.00								
45	Single Family Homes	Retained for future development	2/28/12	\$ 443,993	\$ 725,000	12272 Harbor Blvd						231-531-04	24,140	\$ 3,065,000		\$0.00								

Garden Grove Long Range Property Management Plan

No.	Property Type	HSC 34191.5(c)(2)		HSC 34191.5(c)(1)(A)			Date of Estimated Current Value	Sale of Property		HSC 34191.5(c)(1)(B)	HSC 34191.5(c)(1)(C)				HSC 34191.5(c)(1)(D)	HSC 34191.5(c)(1)(E)		HSC 34191.5(c)(1)(F)	HSC 34191.5(c)(1)(G)	HSC 34191.5(c)(1)(H)
		Permissible Use	Permissible Use Detail	Acquisition Date	Value At Purchase	Estimated Current Value		Value Basis	Proposed Sale Value		Proposed Sale Date	Address	APN	Lot Size		Current Zoning	Estimate of Current Value			
46	Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$ 160,000	\$ 156,000	Based on appraisal comparables	\$ 156,000		Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	13502 Lanning	100-381-01	7,800	R-1	\$ 156,000	\$0.00	N/A	No known environmental issues	N/A	Remnant parcels from street widening
47	Vacant Remnant			12/20/06	\$ 180,000	\$ 149,500		\$ 149,500			13501 Barnett	100-385-01	7,476		\$ 149,500	\$0.00	N/A			
48	Vacant Remnant			12/20/08	\$ 165,000	\$ 154,000		\$ 154,000			13502 Barnett	100-382-02	7,700		\$ 154,000	\$0.00	N/A			
49	Improved Remnant	To be sold for the benefit of the taxing entities		Unknown	Unknown	De Minimis	Undetermined	Undetermined	Undetermined	Project met goals and objectives of redevelopment project area plan - Housing	Landscaping	100-504-74	1,482	PUD (R-2)	De Minimis	\$0.00	N/A	No known environmental issues	N/A	PUC-113-86
50	Former Rail Road Right-of-Way	To be sold for the benefit of the taxing entities	The Agency will obtain valuation analyses/appraisals for these properties. The proceeds from the sales will be remitted to the Orange County Auditor Controller for distribution to the taxing entities. Refer to 5/29/13 cover letter for more information.	Sep-91	\$ 363,328	\$ 522,720	Best estimate based on detrimental encroachments	\$ 522,720	See Note 6	Project met goals and objectives of redevelopment project area plan - Commercial/Economic Development	No Address (Chapman Ave)	133-091-45	69,696	Mixed-Use	\$ 522,720	\$2,400.00	N/A	No known environmental issues	Properties are a transit corridor via covenant	N/A
51				Sep-91	\$ 790,614	\$ 1,078,000		\$ 1,078,000			No Address (Bibby)	133-114-43	143,746		\$ 1,078,000					
52				Sep-91	\$ 87,445	\$ 119,242		\$ 119,242			No Address (Brookhurst St)	133-123-02	15,869		\$ 119,242					
53	Commercial Building/Smog Test	To be sold for the benefit of the taxing entities		7/3/01	\$ 416,000	\$ 381,000	Based on appraisal for neighboring properties under development	\$ 381,000		Project met goals and objectives of redevelopment project area plan - Century Triangle Project	13052 Century Blvd	099-091-15	10,880	Mixed Use (GG/Ut)	\$ 381,000	\$13,500.00	N/A	No known environmental issues	Parcel is located near Garden Grove Blvd, which is a major arterial street	Various residential and retail projects
54	Remnant Widening	To be sold for the benefit of the taxing entities		Unknown	Unknown	\$0.00	Undetermined	Undetermined	Undetermined	Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	Acacia Pkwy	089-201-32	677	Community Center Specific Plan	\$0.00	\$0.00	N/A	No known environmental issues per OCTA disclosure.	N/A	N/A
55	Vacant Lot (formerly Item 30)	To be sold for the benefit of the taxing entities		11/8/10	\$ 434,639	\$ 524,000	Based on an appraisal for comparable Harbor Blvd. properties.	TBD based on an appraisal	8/15/14	Property, adjacent to the Site B2 Hotel Project became available and was purchased for additional parking for the project as well as to provide an additional buffer between the project and the adjacent residential area.	12811 Thackery Dr.	231-471-23	6,530	R-1	\$ 524,000	\$0.00	N/A	No known environmental issues	N/A	N/A

* See Agency 2010-2014 Five-Year Implementation Plan included in the 5/29/13 LRPMP submittal.

1. Residual land value based on approved zoning and entitlements for a 600-room resort waterpark hotel. See 5/29/13 LRPMP cover letter.
2. Residual land value based on mixed-use zoning and entitlements for up to 700 residential units and 100,000 square feet of retail space. See 5/26/13 LRPMP cover letter.
3. Funding source for these acquisitions came from City-issued 2002 Certificates of Participation. No tax increment funds were used. See 5/29/13 LRPMP cover letter.
4. Federal Community Development Block Grant (CDBG) funds were used by the Agency to acquire these properties. No tax increment funds were used.
5. Residual land value based on zoning and entitlements for 700 full service hotel rooms. See 5/29/13 LRPMP cover letter.
6. An RFP process will commence upon approval of the RPMP by the State Department of Finance.



**First American
Title Insurance Company**

NATIONAL COMMERCIAL SERVICES

August 29, 2022

Via Email

Greg Blodgett
Economic Development Manager

City of Garden Grove
Office of Economic Development
11222 Acacia Parkway
Garden Grove, CA 92840

RE: Title Insurance & Escrow Fees – Newage Garden Grove & Brookhurst

Dear Greg,

Thank you for the opportunity to provide you with our most current pricing for your title and escrow needs. Our pricing letter includes a breakdown for Title, Escrow and County Documentary Transfer Tax for Newage Garden Grove and Newage Brookhurst.

Newage Garden Grove Line Item 20 Site B2 DDA - GG New Age Brookhurst DDA Dated Nov. 24, 2010

\$920,000.00

Standard Owners (CLTA) - \$2,062.00 [Section 204. Title Insurance. Page 16](#)
Escrow Fee (1/2) – 1,092.50 [Section 202.1. Costs of Escrow. Page 13](#)
Documentary Transfer Tax - \$1,012.00 [Section 202.1. Costs of Escrow. Page 13](#)

Newage Brookhurst Line Item 22 Brookhurst Triangle DDA - GG New Age Brookhurst DDA Dated Nov. 24, 2010

\$24,000,000.00

Standard Owners (CLTA) - \$14,400.00 [Section 204. Title Insurance. Page 11](#)
Escrow Fee (1/2) – \$4,025.00 [Section 202.1. Costs of Escrow. Page 8](#)
Documentary Transfer Tax - \$26,400.00 [Section 202.1. Costs of Escrow. Page 8](#)

First American Transaction Team
Michael Williams, Account Manager

Jeff Paschal, Senior National Underwriter

Maureen Collier, Senior Escrow Officer
Lani Evanoff, Senior Escrow Officer

I hope I've addressed all of your potential title insurance needs. I'm available at your convenience should you wish to discuss further any portion of this pricing letter.

Sincerely,

Michael C. Williams – Vice President

First American Title

714.504.0525

S

Emailed to MF / GB / PM

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between the

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

NEW AGE BROOKHURST, LLC

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ATTACHMENTS

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Attachment No. 3	Grant Deed
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Attachment No. 7	Declaration of Uses
Attachment No. 8	Regulatory Agreement
Attachment No. 9	Notice of Affordability Restrictions
Attachment No. 10	Option Agreement

DISPOSITION AND DEVELOPMENT AGREEMENT

This DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of November 24, 2010, by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), and NEW AGE BROOKHURST, LLC, a California limited liability company (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. In furtherance of the objectives of the California Community Redevelopment Law, the Agency desires to cooperate with the Developer in the redevelopment of approximately 13.91 acres of real property in the City of Garden Grove known as the "Brookhurst Triangle," and owned by the Agency which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge (the "Site"). The Site is described in the Legal Description and shown on the Site Map.

B. The Agency and the Developer desire by this Agreement for the Agency to convey the Site to the Developer in two separate Phases, and for the Developer to purchase the Site and to develop a two Phase mixed use residential and retail project thereon, together with other onsite and offsite improvements (collectively, the "Improvements").

C. Phase I of the Improvements will consist of approximately 148 attached For Sale Units in three (3) four-story buildings. Phase II of the Improvements will be developed in multiple Subphases and will consist of approximately 252 attached For Sale Units in five (5) four-story buildings, approximately 200 Rental Units, of which 60 will be Affordable Rental Units or, at the election of the Developer, the Affordable Rental Units may be increased to 120, approximately 80,000 square feet of retail space. Phase 2 may include a Hotel Component of approximately One Hundred (100) rooms.

D. The Agency's sale of the Site to the Developer and the Developer's acquisition and development of the Improvements and sale or operation of the Project, as applicable, as provided for in this Agreement, is in the vital and best interest of the City and the health, safety and welfare of its residents; and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Garden Grove Community Project has been undertaken.

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS

"Actual Knowledge" is defined in Section 206.1(d) hereof.

"Affiliate" means an entity owned and controlled by Kam Sang Company, Inc.

"Affordability Period" is defined in Section 502.

“Affordable Rent” means the maximum monthly rent chargeable for an Affordable Rental Unit as described in Section 505.

“Affordable Rental Unit” means the Rental Units that will be offered for rent to Persons and Families of Moderate Income at an Affordable Rent.

“Affordable Rental Unit(s)” means the Housing Unit(s) that are to be constructed and developed within the Rental Units all of which shall be rented or leased to Persons and Families of Low or Moderate Income at Affordable Rents for Fifty-Five (55) years, as provided within this Agreement.

“Affordable Unit(s)” means Affordable Rental Unit(s) and/or For-Sale Housing Units.

“Agency” means the Garden Grove Agency for Community Development, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law and any assignee of or successor to its rights, powers and responsibilities.

“Agency’s Phase I Conditions Precedent” is defined in Section 205.1.

“Agency’s Phase II Conditions Precedent” is defined in Section 205.3.

“Agreement” means this Disposition and Development Agreement between the Agency and the Developer, including the Attachments hereto.

“Association CC&Rs” is defined in Section 403.

“Breach” is defined in Section 701.

“City” means the City of Garden Grove, a California municipal corporation. The City is not a party to this Agreement and has no obligations hereunder.

“Closing” means the close of Escrow for each Conveyance of a Phase of the Site from the Agency to the Developer, as set forth in Section 202 hereof.

“Closing Date” means the date of each Closing, as set forth in Section 202.4 hereof.

“Community Redevelopment Law” means California Health and Safety Code Section 33000, *et seq.* as the same now exists or may hereinafter be amended.

“Conceptional Site Plan” is attached to the PUD.

“Condition(s) Precedent” means the Agency’s Conditions Precedent to Phase I Closing, the Developer’s Conditions Precedent to Phase I, the Agency’s Conditions Precedent to Phase II and/or the Developer’s Conditions Precedent to Phase II, as applicable.

“Conveyance” or ***“Conveyed”*** means each conveyance of a Phase by the Agency to the Developer on the applicable Closing Date.

“County” means the County of Orange.

"Date of Agreement" means the date this Agreement is approved by the Agency at a public meeting, which date is set forth in the first paragraph hereof.

"Declaration of Uses" means the Declaration of Uses, substantially in the form of Attachment No. 7, which is incorporated herein, which shall be recorded as an encumbrance to the parcels containing the Retail Improvements.

"Default" is defined in Section 701.

"Deposit" is defined in Section 201.1.

"Developer" means New Age Brookhurst, LLC., and its permitted successors and assigns.

"Developer's Phase I Conditions Precedent" is defined in Section 205.2.

"Developer's Phase II Conditions Precedent" is defined in Section 205.4.

"Environmental Consultant" means the environmental consultant which may be employed by the Developer pursuant to Section 208.3 hereof.

"Environmental Report" means the report setting forth the results of the environmental investigation of the Site which may be conducted by the Environmental Consultant, as set forth in Section 208.3 hereof.

"Eligible Person" means any individual, partnership, corporation or association which qualifies as a "displaced person" pursuant to the definition provided in Government Code Section 7260(c) of the California Relocation Assistance Act of 1970, as amended, and any other applicable state laws or regulations.

"Escrow" is defined in Section 202 hereof.

"Escrow Agent" is defined in Section 202 hereof.

"Exceptions" is defined in Section 203 hereof.

"FIRPTA" means the Foreign Investment in Real Property Transfer Act.

"For Sale Housing Unit(s)" mean the 148 condominium units in Phase I and the 252 condominium units in Phase II which will be offered for sale, including all common areas associated therewith.

"Force Majeure" is defined in Section 702.

"Governmental Requirements" means all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the

Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.* Developer and its contractors and subcontractors shall comply with all applicable public works requirements, including without limitation, if applicable, the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto.

“Grant Deed” means the grant deed for the Conveyance of each Phase of the Site from the Agency to the Developer, substantially in the form of Attachment No. 3 hereto which is incorporated herein.

“Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

“Hotel Component” means a limited-select service hotel, such as Aloft, Element, Hyatt Place, Hyatt Summerfield Suite, or Marriott Springhill Suites of approximately 100 guest rooms.

“Housing Set Aside Fund” means the fund established by the Agency pursuant to Health & Safety Code Section 33334.2.

“Housing Units” means the For Sale Units and Rental Units, which are constructed on the Site pursuant to the Scope of Development.

“Improvements” or **“Project”** means the improvements to be constructed by the Developer upon the Site and the offsite perimeter improvements relating thereto, all as more particularly described in Sections 301-303 hereof and in the Scope of Development.

“Kam Sang Company, Inc.” is a California corporation of which Ronnie Lam is the majority shareholder. Kam Sang Company, Inc. is the managing member and principal owner of the Developer.

“Land Use Approvals” is defined in Section 303.

“Legal Description” means the description of the Site and the Phases within the Site which is ~~attached hereto as Attachment No. 1 and incorporated herein.~~

“Management Plan” is defined in Section 407.

“Marketing Program” is defined in Section 507.

“Master Association” is defined in Section 403.

“Ministerial Approvals” is defined in Section 303.

“Notice” shall mean a notice in the form prescribed by Section 701 hereof.

“Notice of Affordability Restrictions” is attached hereto as Attachment No. 9 and incorporated herein by reference.

“Option Agreement” is attached hereto as Attachment No. 10 and incorporated herein by reference.

“Party” means either the Agency or Developer, as applicable, and *“Parties”* means the Agency and Developer, including their respective permitted successors and assigns.

“Persons and Families of Low or Moderate Income” is defined in Health & Safety Code Section 50093.

“Phase(s)” means Phase I and/or Phase II, Phase II, Subphase A and/or other Subphases within Phase II, as applicable.

“Phase I” means the approximately 3.7 acre portion of the Site which is so identified in the Legal Description and the Site Map.

“Phase I Closing” means the Closing for the Agency’s Conveyance of Phase I to the Developer.

“Phase I Improvements” means the approximately 148 attached For Sale Units in three (3) four-story buildings.

“Phase I Outside Date” means the last date the Phase I Closing shall occur, as set forth in Section 202.4 hereof.

“Phase I Purchase Price” means the purchase price payable by Developer to Agency in consideration for the Agency’s Conveyance of Phase I, to the Developer, in the amount set forth in Section 201 hereof.

“Phase II” means the approximately 10.21 acre portion of the Site which is so identified in the Legal Description and the Site Map.

“Phase II Closing” means the Closing for the Agency’s Conveyance of Phase II to the Developer.

“Phase II Improvements” means the approximately 252 attached For Sale Units in five (5) four-story buildings, approximately 200 Rental Units of which 60 will be Affordable Rental Units, or, at the election of the Developer, the Affordable Rental Units may be increased to 120, approximately 80,000 square feet of Retail Improvements, and the Hotel Component.

“Phase II Outside Date” means the last date the Phase II Closing shall occur, as set forth in Section 202.4 hereof.

“Phase II Purchase Price” means the purchase price payable by Developer to Agency in consideration for the Agency’s Conveyance of Phase II to the Developer, in the amount set forth in Section 201 hereof.

“Phase II, Subphase A” means the first Subphase of Phase II.

“Physical and Environmental Condition” means with respect to the Site, the square footage, supporting infrastructure; if any, development rights and exactions, expenses associated with the Site and development thereof in the manner proposed herein, taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the Site, soil, subsoil, geology, drainage, environmental or building laws, rules or regulations, toxic waste or Hazardous Materials, required scope of remediation, or any other matters affecting or relating to the Site and its development in the manner proposed herein.

“Property Manager” is defined in Section 403.

“PUD” means that certain planned unit development approved as PUD 123-09 on November 10, 2009.

“Purchase Price” is defined in Section 201 hereof.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project, adopted by ordinance of the City Council of the City of Garden Grove, as amended from time to time.

“Redevelopment Project” means the Garden Grove Community Project, adopted by the City pursuant to the Redevelopment Plan.

“Regulatory Agreement” is attached hereto as Attachment No. 8 and incorporated herein by reference.

“Release of Construction Covenants” means the document which evidences the Developer’s satisfactory completion of the Improvements, as set forth in Section 310 hereof. The Release of Construction Covenants shall be in the form of Attachment No. 6 hereto which is incorporated herein.

“Rental Unit(s)” means the 200 apartment units that will be offered for rent in Phase II of which 60 will be Affordable Rental Units in Phase II.

“Residential Improvement” or “Residential Component” means the Housing Units.

“Retail Improvements” or “Retail Component” means the Improvements to be constructed on the Site in accordance with the Scope of Development which will contain retail uses, and at least one (1) restaurant whose identity is approved by the Agency acting in its sole and absolute discretion.

“Schedule of Performance” means the Schedule of Performance attached hereto as Attachment No. 5 and incorporated herein, setting out the dates and/or time periods by which certain conditions and obligations set forth in this Agreement must be accomplished.

“Scope of Development” means the Scope of Development which describes the scope, amount and quality of development of the Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement, as provided in Section 301 hereof. The Scope of Development is attached hereto as Attachment No. 4 and incorporated herein.

“Site” means that certain approximately 13.91 acres of real property in the City of Garden Grove known as the “Brookhurst Triangle,” which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge. The Site is legally described in the Legal Description and depicted on the Site Map.

“Site Map” means the map of the Site which is attached hereto as Attachment No. 2 and incorporated herein.

“State” means the State of California.

“Subphase(s)” means the separate multiple subphase(s) within Phase II.

“Title Company” is defined in Section 203 hereof.

“Title Policy” is defined in Section 204 hereof.

“Title Report” means the preliminary title report, as described in Section 203 hereof.

“Transfer” is defined in Section 703.1 hereof.

200. ACQUISITION AND CONVEYANCE OF THE SITE

201. Agreement to Purchase and Sell; Purchase Price. The Developer agrees to purchase the Site from the Agency and the Agency agrees to sell the Site to the Developer at fair market price, in accordance with and subject to all of the terms, covenants, and conditions of this Agreement. The combined purchase price for Phase I and Phase II shall be Thirty Million, Four Hundred Thousand Dollars (\$30,400,000) (the “Purchase Price”) allocated Six Million Dollars (\$6,000,000) for Phase I (the “Phase I Purchase Price”) and Twenty Four Million, Four Hundred Thousand Dollars (\$24,400,000) (the “Phase II Purchase Price”). The Phase I Purchase Price and Phase II Purchase Price are each equal to or greater than the fair market value of the applicable portion of the Site, as determined by an appraisal performed by a state-certified appraiser.

201.1 Payment of Agency Costs by Developer. The Developer has hereto provided the Agency with the sum of Fifty Thousand Dollars (\$50,000) for use and retention by the

Agency in connection with the preparation and implementation of this Agreement (the "Deposit"). The Deposit shall not be applied to the Purchase Price.

201.2 Payment of the Purchase Price. The Developer shall deposit into the Escrow for the Phase I Closing the all cash sum of Six Million Dollars (\$6,000,000) and for Phase II the all cash sum of Twenty Four Million, Four Hundred Thousand Dollars (\$24,400,000) in cash, wire transfer or other immediately available funds.

202. Escrow. Within five (5) days after the Date of Agreement, the Parties shall open escrow ("Escrow") with First American Title Insurance Company in its Orange County office or with another escrow company mutually satisfactory to both Parties (the "Escrow Agent").

202.1 Costs of Escrow. The Agency and the Developer shall each pay its respective share of the premium for each Title Policy as set forth in Section 204 hereof, the Agency shall pay the documentary transfer taxes due with respect to the Conveyance of each Phase of the Site, and the parties shall each pay one-half of all other usual fees, charges, and costs which arise from Escrow.

Documentary
Transfer Tax
-\$26,400.00

Escrow Fee (1/2) -
\$4,025.00

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The Parties hereto agree to execute and deliver such documents (in recordable form as required), pay or deposit such funds, do all such acts consistent with their respective obligations hereunder as may be reasonably necessary to close the Escrow for each Phase in the shortest possible time and in any event on or before the Outside Date for each Phase. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State. All disbursements shall be made by check from such account. If in the opinion of Escrow Agent or either Party it is necessary or convenient in order to accomplish the Closing of this transaction, such Party may require that the Parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. Escrow Agent is instructed to release Agency's and Developer's escrow closing statements to both Parties.

202.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge the Agency and the Developer for their respective shares of the premium of the Title Policies, any endorsements thereto as set forth in Section 204 and any amount necessary to place title in the Condition of Title provided for in Section 203 of this Agreement.

(b) Pay and charge Agency and Developer each for one-half of any escrow fees, charges, and costs payable in accordance with Section 202.1 of this Agreement.

(c) Disburse funds and deliver and record, as applicable, the Grant Deed, the Regulatory Agreement, Notice of Affordability Restrictions, Option Agreement, Association CC&Rs, and Declaration of Uses each for the applicable Phase.

(d) Do such other actions as necessary, including, without limitation, obtaining the Title Policies for each Phase, to fulfill its obligations set forth in this Agreement and to close the transactions contemplated hereby.

(e) Within the discretion of Escrow Agent, direct the Agency and the Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

202.4 Closing. The Site shall be Conveyed in two Phases, Phase I and Phase II. Each Conveyance shall close (the "Closing") simultaneously with or as soon as practical after satisfaction of all of the Conditions Precedent applicable to such Phase. In no event, however, shall the Phase I Closing occur later than September 1, 2011, (the "Phase I Outside Date") and; in no event, shall the Phase II Closing occur later than the earlier of September 1, 2013 or 720 days after the Phase I Closing (the "Phase II Outside Date"). The "Closing" shall mean the time and day the Grant Deed for the applicable Phase is filed for recorded with the County Recorder. The "Closing Date" shall mean the day on which each Closing occurs.

202.5 Termination. If the Escrow is not in a condition to close by the Phase I Outside Date and/or Phase II Outside Date, as applicable, then either Party which is not then in Default (and has not received Notice of a potential Default hereunder which has not been cured) may, in writing, demand the return of its money, documents, or property and terminate the Escrow for such portion of the Site; provided that termination hereunder as to Phase I shall be termination of both Phases and of this Agreement. If either Party makes a written demand for the return of its money, documents, or properties, the Escrow shall not terminate until five (5) days after Escrow Agent shall have delivered copies of such demand to the other Party at its address shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Agent is authorized to hold all funds, documents, and property until instructed by a court of competent jurisdiction or by mutual written instructions of the Parties. Termination of the Escrow shall be without prejudice as to whatever legal rights either Party may have against the other as set forth in Sections 503 and 504 hereof. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

202.6 Closing Procedure. Escrow Agent shall close each Escrow for the Site as follows:

- (a) Record the Grant Deed for the applicable Phase;
- (b) Record the Option Agreement;

- (c) Record the Regulatory Agreement and Notice of Affordability Restrictions, as applicable;
- (d) Record the Declaration of Uses [for the applicable] Retail Improvement parcels;
- (e) Record the Association CC&Rs;
- (f) Deliver to the Agency the Purchase Price for the applicable Phase, less Escrow and title costs payable by the Agency;
- (g) Deliver and record any loan or financing documents as may be requested by the Developer or its construction lender (if applicable);
- (h) Instruct the Title Company to deliver the owner's Title Policy to the Developer;
- (i) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;
- (j) Deliver the FIRPTA Certificate, if any, to the Developer; and
- (k) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each Party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. Within the time set forth in the Schedule of Performance, the Agency shall cause First American Title Insurance Company or another title company mutually agreeable to both parties (the "Title Company"), to deliver to the Developer a preliminary title report or reports (collectively, the "Title Report") with respect to the title to each Phase of the Site, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Title Report. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

- (a) The Redevelopment Plan,
- (b) The lien of any non-delinquent property taxes and assessments (to be prorated as of the Closing Date), and
- (c) The provisions set forth in the Grant Deed and the Declaration of Uses.

The Developer shall have thirty (30) days from the date of its receipt of the Title Report to give written Notice to the Agency and Escrow Agent of the Developer's approval or disapproval of any of such Exceptions set forth in the Title Report, within its reasonable discretion. Developer's failure to provide Notice of its approval of the Title Report within such time limit shall be deemed disapproval of the Title Report. If the Developer delivers Notice to the Agency of its disapproval of any Exceptions in the Title Report, the Agency shall have the right, but not the obligation, to elect to remove any disapproved Exceptions within thirty (30) days after receiving written Notice of the Developer's disapproval or to deliver Notice to the Developer providing assurances satisfactory to

the Developer within said time period that such Exception(s) will be removed on or before the Closing. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Agency written Notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written Notice that the Developer elects to terminate this Agreement and the Developer's failure to give timely written Notice shall be deemed as an election to terminate this Agreement. Fee simple merchantable title subject only to the Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Site (which are not created by the Developer). The Agency shall not voluntarily create any new exceptions to title following the Date of Agreement.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to each Phase of the Site, the Title Company shall issue to the Developer, at the Developer's election, a CLTA or an ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, insuring that the title to such Phase of the Site is vested in the Developer in the Condition of Title approved by the Developer as provided in Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Agency shall pay the portion of the premium for the Title Policy equal to the cost of a CLTA standard policy of title insurance in the amount of the Purchase Price for such Phase, and the Developer shall pay for any additional costs thereof, including the incremental additional cost of obtaining an ALTA policy, any endorsements to the title policy, and the cost of any survey which is performed.

Standard Owners
(CLTA) -
\$14,400.00

205. Conditions Precedent to Closing. The Closing of the Conveyance of each portion of the Site is conditioned upon the satisfaction (or written waiver by the benefited Party or Parties in its or their sole and absolute discretion) of the following terms and conditions within the times designated below:

205.1 Agency's Conditions Precedent to the Phase I Closing. The Agency's obligation to proceed with the Phase I Closing is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (i), inclusive, described below (the "Agency's Phase I Conditions Precedent"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Breach or Default. At the Phase I Closing, the Developer shall not be in Breach or Default of any of its obligations set forth in this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

(b) Execution of Documents. The Developer shall have executed the Regulatory Agreement, Notice to Affordability Restrictions, Option Agreement, Association CC&Rs and the Declaration of Uses for Phase I, and any other documents required to be executed by the Developer hereunder, and delivered such documents into Escrow.

(c) Payment of Funds. Prior to the Close of Escrow, the Developer shall have paid the Phase I Purchase Price and deposited into Escrow all costs of Closing that are the Developer's responsibility in accordance with Sections 201, 202, and 204 hereof.

(d) Land Use Approvals. The Developer shall have received all land use approvals, permits and other entitlements that are required for development of the Improvements on the Site pursuant to Sections 302 and 303 of this Agreement. There shall be no litigation pending which challenges such Land Use Approvals, permits or other entitlements, or the validity of this Agreement.

(e) Insurance. The Developer shall have provided proof of insurance for Phase I as required by Section 306 hereof. *NYU*

(f) Financing. The Agency shall have approved financing of the Improvements for Phase I as provided in Section 311.1 hereof, and such financing shall have closed and funded or shall be ready to close and fund upon the Phase I Closing.

(g) Site Clearance and Relocation. The Agency shall have cleared Phase I and relocated all tenants or other occupants from Phase I.

(h) Developer Approval of Physical and Environmental Condition of the Site. Developer shall have approved the Physical and Environmental Condition of the Site pursuant to Section 208 hereof.

(i) Title Policy. The Title Company is unconditionally committed to issue to Agency a lender's Title Policy for the Site in accordance with Section 204 hereof.

205.2 Developer's Conditions Precedent to the Phase I Closing. Developer's obligation to proceed with the purchase of Phase I is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (g), inclusive, described below (the "Developer's Phase I Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Breach or Default. At the Phase I Closing, the Agency shall not be in Breach or Default of any of its obligations set forth in this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) Execution of Documents. The Agency shall have executed the Phase I Grant Deed and the Declaration of Uses for Phase I and any other documents required to be executed by the Agency hereunder, and delivered such documents into Escrow.

(c) Financing. The financing of the Improvements for Phase I shall have closed and funded or shall be ready to close and fund upon the Phase I Closing.

(d) Land Use Approvals. The Developer shall have received all Land Use Approvals, permits and other entitlements that are required for development of the Improvements on the Site pursuant to Sections 302 and 303 of this Agreement. There shall be no litigation pending which challenges such Land Use Approvals, or the validity of this Agreement.

(e) Site Clearance and Relocation. The Agency shall have cleared Phase I and relocated all tenants or other occupants from Phase I.

(f) Condition of Site. Developer shall have approved the Physical and Environmental Condition of the Site pursuant to Section 208 hereof.

(g) Title Policy. The Title Company is unconditionally committed to issue to Developer an owner's Title Policy for the Site in accordance with Section 204 hereof.

205.3 Agency's Conditions Precedent to the Phase II Closing. ~~The Agency's~~ obligation to proceed with the Phase II Closing is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (g), inclusive, described below (the "Agency's Phase II Conditions Precedent"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Breach or Default. At the Phase II Closing, the Developer shall not be in Breach or Default of any of its obligations set forth in this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

(b) Execution of Documents. The Developer shall have executed the Regulatory Agreement, Notice to Affordability Restrictions, Option Agreement, Association CC&RS and the Declaration of Uses for Phase II, and any other documents required to be executed by the Developer hereunder, and delivered such documents into Escrow.

(c) Payment of Funds. Prior to the Close of Escrow, the Developer shall have paid the Phase II Purchase Price and deposited into Escrow all costs of Closing that are the Developer's responsibility in accordance with Sections 201, 202, and 204 hereof.

(d) No Litigation. There shall be no litigation pending which challenges the Land Use Approvals or the validity of this Agreement.

(e) Insurance. The Developer shall have provided proof of insurance for Phase II as required by Section 306 hereof.

(f) Financing. The Agency shall have approved financing of the Improvements for Phase II, Subphase A as provided in Section 311.1 hereof, and such financing shall have closed and funded or shall be ready to close and fund upon the Phase II Closing.

(g) Site Clearance and Relocation. The Agency shall have cleared Phase II and relocated all tenants or other occupants from Phase II.

(h) Ministerial Approvals. Developer shall have secured Ministerial Approvals for Phase II, Subphase A.

205.4 Developer's Conditions Precedent to the Phase II Closing. Developer's obligation to proceed with the purchase of Phase II is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (e), inclusive, described below (the "Developer's Phase II Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Breach or Default. At the Phase II Closing, the Agency shall not be in Breach or Default of any of its obligations set forth in this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Agency shall have executed the Grant Deed, the Regulatory Agreement, Notice of Affordability Restrictions, Option Agreement, Association CC&Rs and the Declaration of Uses for Phase II and any other documents required to be executed by the Agency hereunder, and delivered such documents into Escrow.

(c) **Financing.** The Financing for Phase II, Subphase A shall have closed and funded or shall be ready to close and fund upon the Phase II Closing.

(d) **No Litigation.** There shall be no litigation pending which challenges the Land Use Approvals or the validity of this Agreement.

(e) **Site Clearance and Relocation.** The Agency shall have cleared Phase II and relocated all tenants or other occupants from Phase II.

206. Representations and Warranties.

206.1 Agency Representations. The Agency represents and warrants to the Developer as follows:

(a) **Authority.** The Agency is a public body, corporate and politic, existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. The execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions on the part of the Agency.

(b) **FIRPTA.** The Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute, or is exempt from the provisions of FIRPTA or any similar state statute, or the Agency has complied and will comply with all the requirements under FIRPTA or any similar state statute.

(c) **No Conflict.** The Agency's execution, delivery and performance of its obligations set forth in this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Agency is a party or by which it is bound.

(d) **Condition of the Site.** To its Actual Knowledge, the Agency is not aware of and neither the Agency nor the City has received any notice or communication from any government agency having jurisdiction over the Site notifying the Agency or the City of the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof. "Actual Knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the best knowledge of Agency and City employees and agents who are responsible for the management of the Site or have participated in the preparation of this Agreement, and all documents and materials in the possession of the Agency and the City.

(e) **No Litigation.** To the Agency's Actual Knowledge, there is no threatened or pending litigation against the City or Agency challenging the validity of this Agreement or any of the actions proposed to be undertaken by the City, Agency, or Developer pursuant to this Agreement (including without limitation any of the existing or proposed land use entitlements, permits or approvals).

Until each Closing has occurred, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 to not be true as of

such Closing, immediately give written Notice of such fact or condition to the Developer. So long as the representations and warranties contained herein were true as of the Date of Agreement, a change of facts or conditions that renders any such representation or warranty to no longer be true at a later date shall not be deemed a Default by the Agency hereunder if the Agency does not take any affirmative action to cause such representation or warranty to no longer be true, and in such event (i.e., in the event the Agency is not in Default) the changed fact or condition shall constitute an exception which the Developer shall have a right to approve or disapprove if the Developer determines in its reasonable discretion that such exception would have an effect on the value and/or development of the Site. If the Developer elects to close Escrow following the Agency's disclosure of such exception(s), the Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing subject to such exception(s). If, following the disclosure of such exception(s), the Developer elects to not close Escrow, then this Agreement and the Escrow may be terminated by Developer as set forth in Section 503 hereof. The representations and warranties set forth in this Section 206.1 shall survive the Closings.

206.2 Developer's Representations. The Developer represents and warrants to the Agency as follows:

(a) Experience. The Developer is an experienced developer of mixed use residential, including affordable housing, rental, and commercial/retail developments.

(b) Authority. The Developer is a duly organized corporation formed within and in good standing under the laws of the State of California. The Developer has full right, power and lawful authority to purchase and accept the Conveyance of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

(c) No Conflict. The Developer's execution, delivery and performance of its obligations set forth in this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

(d) No Developer Bankruptcy. The Developer is not the subject of a current or threatened bankruptcy proceeding.

Until each Closing has occurred, the Developer shall, upon learning of any fact or condition which would cause any of the representations and warranties in this Section 206.2 to not be true as of each of the Closings, immediately give written Notice of such fact or condition to the Agency. So long as the representations and warranties contained herein were true as of the Date of Agreement, a change of facts or conditions that renders any such representation or warranty to no longer be true at a later date shall not be deemed a Default by the Developer hereunder if the Developer does not take any affirmative action to cause such representation or warranty to no longer be true, and in such event (i.e., in the event the Developer is not in Default) the changed fact or condition shall constitute an exception which Agency shall have a right to approve or disapprove if the Agency determines in its reasonable discretion that such exception would have an effect on the Developer's authority or ability to timely develop the Site as provided in this Agreement. If the Agency elects to close Escrow following the Developer's disclosure of such exception(s), the Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing subject to such exception(s). If, following the disclosure of such exception(s), the Agency elects to not close Escrow, then this Agreement and the Escrow may be terminated by the Agency as provided in

Section 504 hereof. The representations and warranties set forth in this Section 206.2 shall survive the Closings.

207. Studies and Reports; Access to the Site for Inspection and Testing. Within the time set forth in the Schedule of Performance, the Agency shall deliver to the Developer a copy of all information in its possession and/or in the possession of the City with respect to the Physical and Environmental Condition of the Site. The Developer shall be permitted to enter onto the Site within the first one hundred twenty (120) days after the date of this Agreement for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement, including the investigation of the Physical and Environmental Condition of the Site (the "Tests"). The Developer shall execute a right of entry agreement, in the form provided by the Agency, prior to its entry. Any preliminary investigation or work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

208. Physical and Environmental Condition of the Site.

208.1 Site Clearance. The Agency shall deliver each Phase free and clear of any above ground structures.

208.2 As-Is Condition; Exceptions. Except as otherwise set forth in this Agreement, the Site shall be conveyed to the Developer in an "as is," with no warranty, express or implied, by the Agency as to its Physical and Environmental Condition, and it shall be the sole responsibility of the Developer at its expense to investigate and determine the Physical and Environmental Condition for the Improvements to be constructed and the proposed use of same. If the Physical or Environmental Condition is not in all respects entirely suitable for the use or uses to which the Site will be put, the Developer may terminate this Agreement as provided in Section 208.2 hereof. If the Developer approves the Physical and Environmental Condition of the Site and accepts the Conveyance of Phase I (and assuming the Agency has not elected to pay for the cost of curing or correcting physical or environmental defects or problems with the Site pursuant to the optional provisions of the fourth sentence of Section 208.2), then it shall be the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Physical and Environmental Conditions of the entire Site in a condition entirely suitable for its development.

208.3 Physical and Environmental Investigation and Testing of Site. The Developer shall have the right, at its sole cost and expense, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations of the Site as the Developer deems necessary, and the Agency shall promptly be provided a copy of all reports and test results provided to the Developer by the Environmental Consultant (collectively, the "Environmental Report"). The Developer shall reasonably approve or disapprove of the Physical and Environmental Condition of the Site within the time set forth in the Schedule of Performance. The Developer's failure to deliver written Notice of its approval within such time limit shall be deemed disapproval of the Physical and Environmental Condition of the Site. If the Developer, based upon the above environmental reports, reasonably disapproves the physical or environmental condition of the Site, then the Agency shall have the right, but not the obligation, to elect to pay for the cost of correcting or curing any physical or environmental defect or problem with the Site identified by the Developer, provided that the Developer must approve in writing the content and timing of any plan requiring removal and/or remediation of Hazardous Materials. If the Agency and the Developer do not agree on such matters within ninety (90) days after the date the Developer initially disapproves or is deemed to have disapproved the Physical and Environmental Condition of the Site, as provided

proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

300. DEVELOPMENT OF THE SITE

301. Scope of Development.

301.1 Developer's Obligation to Construct Improvements. Subject to all of the other terms and conditions set forth in this Agreement, the Developer shall develop or cause the development of the Improvements in accordance with the Scope of Development, the City's Municipal Code, and the plans, drawings and documents submitted by the Developer and approved by the Agency as set forth herein. The Improvements shall generally consist of the following: Phase I of the Improvements will consist of approximately 148 attached For Sale Units in three (3), four (4)-story buildings. Phase II of the Improvements will be developed in multiple Subphases and will consist of approximately 252 attached For Sale Units in five (5), four (4)-story buildings, approximately 200 Rental Units, of which 60 will be Affordable Rental Units or, at the election of the Developer, the Affordable Rental Units may be increased to 120, and approximately 80,000 square feet of retail space. Developer shall also construct related onsite improvements and all public improvements, all as identified in the Scope of Development or required pursuant to the land use approvals listed in Sections 302-303 hereof. Phase II will be developed in multiple Subphases. Phase II may also include the Hotel Component.

301.2 Local Contractors. The Developer shall use good faith efforts to solicit and obtain bids from local businesses for the construction of the Improvements by making available to local contractors all plans for the Improvements in the manner reasonably selected by the Developer, which may include, without limitation, submission to the Building and Trades Council of Orange County, the Plan Room and/or the Green Sheet. To the extent the Developer reasonably determines it is feasible, contracts for work to be performed in connection with the construction of the Improvements shall be awarded to business concerns which are located in, or owned in substantial part by persons residing within, the City, provided, however, the Developer shall not be required to award contracts to the lowest bidder, and may award contracts in accordance with the Developer's normal contracting and purchasing policies based upon criteria such as the experience, financial strength, and dependability of the contractors and subcontractors submitting bids.

302. Design Review.

302.1 Developer Submissions. As a Condition Precedent to the Phase I Closing, and at or prior to the time set forth in the Schedule of Performance, the Developer shall submit to the City any plans and drawings (collectively, the "Design Development Drawings") which may be required by the City with respect to any permits and entitlements which are required to be obtained to develop the Phase I Improvements. Developer, on or prior to the date set forth in the Schedule of Performance, shall further submit to the City such plans for the Phase I Improvements as required by the City in order for Developer to obtain building permits for the Phase I Improvements. To the extent required by the City in order to accept such plans and permit applications for processing (given that the Developer may not own fee title to the Site at the time and may not have obtained the written authorization from the owners of the Parcels to apply for and process such plans and permits), provided that such submittal is in accordance with this Agreement and Developer is not in Breach or Default hereunder, the Agency shall sign any such application as a co-applicant with the Developer

above, the Developer shall be deemed to have adhered to its initial disapproval and either party may terminate this Agreement by written Notice to the other pursuant to Section 503 hereof.

208.4 Release of Agency. The Developer hereby waives, releases and discharges forever the Agency and the City, and their respective employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the Physical and Environmental Condition of the Site, any Hazardous Materials on or under the Site, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Site, however they came to be placed there.

The Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

As such relates to this Section 208.3, the Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

208.5 Developer Precautions After Closing. Upon and after each Closing, the Developer shall take all necessary but reasonable precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Phase which has been conveyed to the Developer, except as may be provided otherwise by applicable Governmental Requirements. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials.

208.6 Developer Indemnity. Upon and after each Closing, the Developer agrees to indemnify, defend and hold the Agency and City and their respective employees, officers, agents and representatives harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees), resulting from, arising out of, or based upon the Physical and Environmental Condition of the Phase acquired, including without limitation, (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from the Site which occurs during the period of the Developer's ownership of the Site, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which occurs during the period of the Developer's ownership of the Site. This indemnity shall include, without limitation, any damage, liability, fine, penalty, or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of the Developer, the Agency shall cooperate with and assist the Developer in its defense of any such claim, action, suit,

and cooperate with the Developer in order to expedite the City's review thereof (but without any representation or warranty by the Agency that the City will approve any such application or approve such application with or without any particular conditions). Within thirty (30) days after the City's ~~disapproval or conditional approval of such plans~~, Developer shall revise the portions of such plans identified by the City as requiring revisions and resubmit the revised plans to the City; provided, however, that the Developer reserves the right to deliver a Notice of termination to the Agency pursuant to Section 503 hereof if the Developer determines in its sole and absolute discretion that the required revisions adversely and materially affect the value or development of the Site.

302.2 City Review and Approval. The City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Municipal Code, and nothing set forth in this Agreement shall be construed as the City's approval of any or all of the Design Development Drawings.

302.3 Revisions. Subject to the Developer's reserved termination right as set forth herein, any and all change orders or revisions required by the City and its inspectors which are required under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

302.4 Defects in Plans. The Agency and the City shall not be responsible either to the Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the City review and approval processes established by this Section 302.

303. Land Use Approvals. As a Condition Precedent to the Phase I Closing, the Developer shall, at its own expense, secure or cause to be secured any and all land use, development and building entitlements, permits and approvals which may be required for the construction and sale and/or operation by the City or any other governmental agency with jurisdiction over such construction or work including, without limitation, those listed in (a) through (g) below ("Land Use Approvals"). The staff of the Agency shall cooperate with and assist the Developer in obtaining such entitlements, permits and approvals (including without limitation signing any applications for such entitlements, permits, and approvals as a co-applicant with the Developer, as provided in Section 302 hereof); provided, however, that this Agreement does not constitute the granting of such entitlements, permits and approvals. The Developer shall, without limitation, apply for and exercise commercially reasonable efforts to secure the following, to the extent required by the City, and the Developer shall pay all normal costs, charges and fees associated therewith:

- (a) General Plan Amendment and zoning change for the Site.
- (b) Site Plan.
- (c) A subdivision map.
- (d) A development agreement between the Developer and the City that provides for the Developer's payment of the City's standard development impact fee ("DIF") for the Improvements.

(e) All other discretionary entitlements, permits, and approvals required by the City, County, and other governmental agencies with jurisdiction over the Improvements.

(f) Any environmental studies and documents required pursuant to the California Environmental Quality Act ("CEQA"), Public Resources Code Section 21000, *et seq.*, with respect to any of the discretionary entitlements, permits, and approvals referred to in clauses (a)-(e), inclusive.

(g) All ministerial entitlements, permits, and approvals as to the Phase I Improvements that may be required, including without limitation and to the extent applicable a final tract map, rough and precise grading permit(s), and approval of final building plans and permits, utility plans, public works improvement plans for the perimeter offsite improvements and any encroachment permits required for work to be performed within the public right-of-way, and landscaping plans ("Ministerial Approvals").

As a Condition Precedent to the Phase II Closing, Developer shall secure the Ministerial Approvals for Phase II, Subphase A.

304. Schedule of Performance. The Developer shall submit all Design Development Drawings, Plan Drawings and Construction Drawings, commence and complete all construction of the Improvements, and satisfy in all material respects all other obligations and conditions of this Agreement, and the Agency shall satisfy all of its obligations and conditions pursuant to this Agreement, within the times established therefor in the Schedule of Performance.

305. Cost of Construction. All of the costs of planning, designing, developing and constructing all of the Improvements, site preparation and grading shall be borne solely by the Developer.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the Release of Construction Covenants pursuant to Section 310 of this Agreement, a commercial general liability policy including contractual liability, in the minimum amount of Five Million Dollars (\$5,000,000), and an automobile liability policy in the minimum amount of Two Million Dollars (\$2,000,000), combined single limit, as shall protect the Developer, the City, and the Agency from claims for such damages, and which policies shall be issued by an "A" rated insurance carrier. Such policy or policies shall be written on an occurrence form. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that the Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Prior to and as an Agency Condition Precedent to each Phase or Subphase, as applicable, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify the City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing

with any insurance maintained by the Agency or the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance.

307. Developer's Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, defense costs, and liability of any kind or nature arising out of or related to the design, construction, or operation of the Improvements or the Site, which may be caused by any acts or omissions of the Developer, whether such acts or omissions be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall further defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their officers, employees, agents, representatives and volunteers, harmless from challenges to the approval, validity, applicability, interpretation or implementation of this Agreement or the California Environmental Quality Act approvals made in connection therewith. The Developer shall not be liable for and this Section 307 not apply to any such matters occasioned by the gross negligence or intentional misconduct of the Agency or its agents or employees, or the Agency's Default of its obligations or breach of its representations or warranties hereunder.

The Developer shall have the obligation to defend any such action as to which this Section 307 applies; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects Agency and City from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to written approval by the Agency and City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer, Agency, or City. If Developer defends any such action as to which this Section 307 applies, as set forth above, it shall indemnify and hold harmless Agency and City and their officers, employees, representatives and agents from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 310 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as Agency representatives comply with all safety rules. The Agency (or its representatives) shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 308. The Agency shall defend, indemnify, assume all responsibility for, and hold the Developer and its representatives, officers, employees, agents, contractors, and subcontractors harmless from all claims, demands, defense costs, and liability of any kind or nature arising out of the Agency's exercise of this right of access, except to the extent caused by the negligence or willful misconduct of the Developer or its representatives, officers, employees, agents, contractors, or subcontractors.

309. Compliance With Governmental Requirements. The Developer shall carry out the design, construction, and operation of the Improvements in conformity with all applicable laws, including the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all Governmental Requirements.

309.1 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site accruing after the Closing Date, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any portion of the Site which has been conveyed to the Developer with respect to real estate taxes and assessments on the Site accruing after the Closing Date, or assure the satisfaction thereof within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Site or the Improvements.

309.2 Relocation; Obligations. The Agency shall be responsible for causing all occupants of the Site to vacate prior to the Closing, and for complying and/or causing compliance with all applicable laws and regulations concerning the displacement and/or relocation of all Eligible Persons from the Site, if any, including without limitation, compliance with the California Relocation Assistance Law, California Government Code Section 7260, *et seq.*, all state and local regulations implementing such laws, and all other applicable state and local laws and regulations relating to such Eligible Persons.

310. Release of Construction Covenants. Promptly after completion of the Improvements or any portion thereof in conformity with this Agreement free and clear of any claims and/or liens, and upon the request of the Developer, the Agency Director shall furnish the Developer with a "Release of Construction Covenants" substantially in the form of Attachment No. 9 hereto which is incorporated herein by reference. The Agency Director shall not unreasonably withhold, condition, or delay delivery of such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the applicable portion of the Improvements and the Release of Construction Covenants shall so state.

If the Agency Director refuses or fails to furnish the Release of Construction Covenants, after written request from the Developer, the Agency Director shall, within fifteen (15) days of written request therefor, provide the Developer with a written statement of the reasons the Agency Director refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency Director's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. If the Agency shall have failed to provide such written statement within such fifteen day period, the Developer shall be deemed entitled to the Release of Construction Covenants as to the Site. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

311. Financing of the Improvements.

311.1 Approval of Financing. As required herein, the Developer shall submit to the Agency Director reasonable evidence that the Developer has obtained sufficient equity capital and/or that the Developer has obtained commitments for construction financing necessary to

undertake the development of each and the construction of the Improvements for Phase I (as a Condition Precedent to the Phase I Closing) and Phase II, Subphase A (as a Condition Precedent to the Phase II Closing) in accordance with this Agreement. Such evidence of financing shall include, as applicable, the following: (a) the annual report or audited financial statement of the institutional lender proposing to provide the construction financing, (b) a copy of a loan commitment(s) obtained by Developer from one or more institutional lenders, reasonably acceptable to the Agency, for the mortgage loan or loans for financing to fund the construction of the Improvements, subject to such lenders' reasonable, customary and normal conditions and terms, and/or (c) evidence reasonably satisfactory to Agency that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation reasonably satisfactory to the Agency Director as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction of the Improvements, less financing authorized by those loans set forth in clause (a) above.

The Agency Director shall approve or disapprove such institutional lender and evidence of financing capacity or commitments within thirty (30) days of receipt of a complete submission. Approval shall not be unreasonably withheld, delayed or conditioned. If the Agency Director shall disapprove any such evidence of financing, he or she shall do so by written Notice to Developer stating the reasons for such disapproval. Upon receipt of the Agency Director's disapproval of the proposed financing, the Developer shall either promptly obtain and submit new evidence of financing to the Agency Director or terminate this Agreement as provided in Section 503 hereof. The Agency Director shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 311.1 for the approval or disapproval of the evidence of financing as initially submitted. If any portion of the Developer's financing consists of secured third party loans, the Developer shall close the approved construction financing at the Closing.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leasebacks shall be permitted prior to the issuance of the Release of Construction Covenants only with the Agency Director's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing the construction of the Improvements (including architecture, engineering, legal, and related direct costs as well as indirect costs) on or in connection with the Site, and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency Director in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and leaseback. Prior to the Agency's issuance of its Release of Construction Covenants for the Site, the Developer shall not enter into any such conveyance for financing encumbering the Site without the prior written approval of the Agency Director.

311.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so as to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure.

With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency may deliver any notice or demand to the Developer with respect to any Default by the Developer in completion of construction of the Improvements, the Agency may at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Developer Default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the Default.

311.5 Failure of Holder to Complete Developer Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a Default by the Developer in completion of construction of the Developer Improvements under this Agreement, and such holder has not exercised the option to construct as set forth in Section 311, or if it has exercised the option but has Defaulted hereunder and failed to timely cure such Default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and

(f) Any customary prepayment charges or defeasance costs imposed by the lender pursuant to its loan documents and agreed to by the Developer.

(g) Any or all other amounts, costs or expenses payable to the holder under the holder's loan document approved pursuant to Section 311.2.

(h) The Agency's right to purchase any mortgage or deed of trust under this Section 311.5 shall terminate upon the issuance of a Release of Construction Covenants pursuant to Section 310.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Improvements or any part thereof, the Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust pursuant to this Section 311.

400. USE, MAINTENANCE, AND NON-DISCRIMINATION COVENANTS AND RESTRICTIONS

401. Use and Operation in Accordance with the Agreement and the Redevelopment Plan. The Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof to use, operate, and maintain the Site in accordance with in the Redevelopment Plan and this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan, all applicable provisions of the City Municipal Code and the recorded documents pertaining to and running with the Site. The foregoing covenant shall run with the land.

402. Use of Retail Improvements. Until the expiration of the Redevelopment Plan, the Retail Improvements shall be used only for retail and commercial purposes. Upon the Closing for each Phase, the Agency and Developer shall execute and record a Declaration of Uses, substantially in the form attached hereto as Attachment No. 6 and incorporated herein.

403. Maintenance and CC&Rs. The Developer shall maintain or cause to be maintained the Improvements and the Site in a decent, safe and sanitary manner, in accordance with the standard of maintenance of similar mixed-use developments within Orange County, California. The Developer shall prepare and submit to the Agency's legal counsel for its reasonable approval a Declaration of Covenants, Conditions and Restrictions for each of the separate Housing Units and Retail Improvements to be constructed within the Site and a master association over all of the Improvements (the "Association CC&Rs"), which establishes a separate property owner's association for the For Sale Units, Rental Units, and Retail Improvements (each, an "Association(s)") and a property owner's association for all of the Improvements ("Master Association"). Each

Association CC&Rs shall require the owners of the Housing Units and Retail Improvements to be members of the Associations. In addition, the Master Association CC&Rs shall require reciprocal access and parking and the maintenance of the Improvements and the Site in accordance with the standards of this Section 403 and the standards of similar mixed-use developments within the County. The Association CC&Rs shall be enforceable by the Agency, and any substantive amendments to such Association CC&Rs shall require the consent of the Agency, which consent shall not unreasonably be withheld. The Association CC&Rs shall be recorded against the applicable portion of the Site concurrently with the Applicable Closing. The Association CC&Rs shall specifically state that the Agency is an intended third party beneficiary of the Association CC&Rs with the ability to enforce all the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed. Upon the formation of the Association and its acquisition of the common areas of the Improvements, the Association shall assume the Developer's obligations under this Section 403.

Specifically with respect to the Rental Units, the Developer shall submit for the reasonable approval of the Agency a "Management Plan" which sets forth in detail the Developer's property management duties, a tenant selection process and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Rental Units and manner of enforcement, a standard lease form, an Operating Budget, the identity of the manager of the Rental Units (the "Property Manager"), and other matters relevant to the management of the Rental Units. The management of the Rental Units shall be in compliance with the Management Plan which is approved by the Agency. The Agency hereby approves Kam Sang Company, Inc. or an Affiliate as the Property Manager for the Rental Units.

If the Agency determines that the performance of the Property Manager is deficient based upon the standards set forth in the Management Plan and in this Agreement, the Agency shall provide notice to the Developer of such deficiencies, and the Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within ninety (90) days of the date on which Agency provides such notice of deficiencies, the Agency shall have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to the Agency, which is not related to or affiliated with the Developer, and which has not less than five (5) years experience in property management, including significant experience managing housing facilities of the size, quality and scope of the applicable Phase of the Rental Units.

404. Nondiscrimination Covenants. Developer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the

immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

All deeds, leases or contracts entered into by Developer relating to the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person, claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

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

(b) **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

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

(c) **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns, any occupants of the Site, and any successor in interest to the Site. The covenants against discrimination shall remain in effect in perpetuity. In no event shall anything in this Section 404 be construed as authority to lease Residential Units unless otherwise permitted herein.

405. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The covenants and obligations established in this Agreement and the Grant Deeds shall, without regard to technical classification and designation survive the Closing, and be binding for the benefit and in favor of the Agency, its successors and assigns, as to those covenants which are for its benefit. The covenants contained in this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination shall remain in effect in perpetuity. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants and obligations shall run in favor of the Agency, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Redevelopment Project Area. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. After issuance of a Release of Construction Covenants for the Improvements, all of the terms, covenants, agreements and conditions set forth in this Agreement relating to the construction and development of the Site shall cease and terminate.

500. RENTAL UNITS -- PROVISION OF MODERATE INCOME RENTAL HOUSING

501. Number of Affordable Rental Units. Pursuant to this Agreement and the Regulatory Agreement, the Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) Seventy (70) of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(b) Forty (40) of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(c) Ten (10) of the three (3) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

502. Duration of Affordability Requirements. The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City's issuance of a certificate of occupancy for the applicable Phase (the "Affordability Period").

503. Selection of Tenants. The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

504. Household Income Requirements. Following the initial lease-up of the Affordable Rental Units in Phase II, and annually thereafter, the Developer shall submit to the Agency, at the Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Affordable Rental Units of such Phase. At the Agency's request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Affordable Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

505. Affordable Rent. The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the

Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent. "Monthly Rent" does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

506. Occupancy Limits. The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

507. Marketing Program. The Developer shall prepare and obtain Agency Director's approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the "Marketing Program"). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director's prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

- (1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and
- (2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

508. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units,

upon at least seventy-two (72) hours prior written notice, to monitor compliance with this Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

509. Regulatory Agreement and Notice of Affordability Restrictions. The requirements of this Agreement which are applicable to the Affordable Rental Units after the conveyance of the Site to the Developer are set forth in each Regulatory Agreement. Additionally, the Developer shall record a Notice of Affordability Restrictions on Transfer of Property ("Notice of Affordability Restrictions") as to each Phase of the Rental Units, which shall run with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor in interest who continues the violation pursuant thereto. The execution of a Regulatory Agreement and the Developer's execution of a Notice of Affordability Restrictions is a Condition Precedent to the Closing for each Phase, as set forth in Section 205. The Agency shall not subordinate this Agreement, each Regulatory Agreement and Notice of Affordability Restrictions to the construction and permanent financing approved pursuant to Section 311.1. Any such lender shall specifically subordinate its lien to the lien of each Regulatory Agreement and Notice of Affordability Restrictions.

510. Option to Increase Number of Affordable Rental Units. Not less than thirty (30) days prior to the Phase II Closing, the Developer may elect to increase the number of Affordable Rental Units from 60 to 120 in which case the Agency will pay to Developer the all cash sum of Six Million, Four Hundred Thousand Dollars (\$6,400,000) at the Phase II Closing from its Housing Set Aside Fund for the purpose of providing funds sufficient to allow the Developer to provide the additional 60 Affordable Rental Units to Families of Low or Moderate Income at Affordable Rent. In the event of such election, Developer shall identify the Subphase in which the Affordable Rental Units will be located.

600. DEFAULTS, TERMINATION, AND REMEDIES

601. Default Remedies. Subject to any extensions of time of the deadlines for performance that may be permitted in accordance with Section 702 of this Agreement, failure by either Party to perform any action or covenant required by this Agreement, constitutes a "Breach" under this Agreement. A Party claiming a Breach shall give written Notice of Breach to the other Party specifying the Breach complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other Party, and the other Party shall not be in Default if such Party cures such Breach within thirty (30) days from receipt of such Notice, or if such Breach cannot reasonably be cured within such thirty (30) day period, if the other Party immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence, but in no event later than ninety (90) days after the date of receipt of the Notice. Failure to cure the Breach as described in the immediately preceding sentence is a "Default" hereunder.

602. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either Party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Breach, to recover damages for any Default, or to obtain any other remedy consistent with the

purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California.

603. Termination by the Developer Prior to the Conveyance. In the event that prior to the Conveyance of any Phase of the Site the Developer is not in Breach or Default of its obligations set forth in this Agreement and either (a) one or more of the Developer's Conditions Precedent is not fulfilled within the time set forth in the Schedule of Performance, or (b) the Agency is in Default of this Agreement, then this Agreement may, at the option of the Developer, be terminated by written Notice thereof to the Agency. From the date of the written Notice of termination of this Agreement by the Developer to the Agency and thereafter this Agreement shall be deemed terminated, and. Upon such a termination, there shall be no further rights or obligations between the Parties with respect to the Site by virtue of or with respect to this Agreement, except that (i) this Agreement shall remain in effect as to any Phases of the Site which have previously been conveyed to the Developer, and (ii) the Developer reserves all of its damages remedies in the event of a termination made pursuant to clause (b) above.

604. Termination by the Agency Prior to the Conveyance. In the event that prior to the Conveyance of any Phase of the Site the Agency is not in Breach or Default of its obligations set forth in this Agreement and either (a) one or more of the Agency's Conditions Precedent is not fulfilled within the time set forth in the Schedule of Performance, or (b) the Developer is in Default of this Agreement, then this Agreement may, at the option of the Agency, be terminated by the Agency by written Notice thereof to the Developer. From the date of the written Notice of termination of this Agreement by the Agency to the Developer and thereafter this Agreement shall be deemed terminated. Unless otherwise stated herein, upon such a termination, there shall be no further rights or obligations between the Parties, except that (i) this Agreement shall remain in effect as to any Phases of the Site which have previously been conveyed to the Developer, and (ii) the Agency reserves all of its damages remedies in the event of a termination made pursuant to clause (b) above.

605. Option to Acquire Site Upon Default. Developer agrees to enter into an Option Agreement, in substantially the form attached hereto as Attachment No. 10, which grants to Agency an option to purchase each Phase within the Site and the Improvements thereon in the event that the Developer (or its successors in interest) shall:

(a) fail to start the construction of the Improvements as required by this Agreement for a period of ninety (90) days after written notice thereof from the Agency; or

(b) abandon or substantially suspend construction of the Improvements required by this Agreement for a period of ninety (90) days after written notice thereof from the Agency; or

(c) contrary to the provisions of Section 703, transfer or suffer any involuntary transfer in violation of this Agreement, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

606. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Agency's Director or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made in the manner required by law or, in the alternative, by personal service

upon any officer of the Developer so long as a copy of such service is delivered in accordance with Section 701 of this Agreement, and said service shall be effective whether made within or outside the State of California.

607. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

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

609. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

610. Non-Liability of Officials and Employees of the Agency. No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

611. Attorneys' Fees. In any action between the Parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing Party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert witness fees and reasonable attorneys' fees.

700. GENERAL PROVISIONS

701. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either Party may desire to give to the other Party under this Agreement must be in writing and delivered either personally, by first class United States mail with postage prepaid, or by a national commercial delivery services (such as Federal Express) that provides a receipt verifying the date and time of delivery. Notices shall be directed to the address or addresses of the Party as set forth below, or to any other address or addresses as that Party may later designate by Notice delivered in accordance with this Section 701. Any delivered Notices shall be deemed effective upon actual receipt.

To Agency: Garden Grove Agency for Community Development
 11222 Acacia Parkway
 P.O. Box 3070
 Garden Grove, California 92842
 Attention: Director

Copy to: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Thomas P. Clark, Jr.

To Developer: New Age Brookhurst, LLC
411 E. Huntington Drive, Suite 305
Arcadia, California 91016
Attention: Mr. Ronnie Lam

Copy to: _____
_____, Suite _____
_____, California _____
Attention: _____

702. Force Majeure; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in Breach, and all performance and other dates specified in this Agreement shall be extended, where a delay or Breach is due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include the following: war; acts of terrorism; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity, other than the acts or failures to act of the Agency which shall not excuse performance by the Agency ("Force Majeure"). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Improvements, and/or lack of financial feasibility shall not constitute grounds of enforced delay pursuant to this Section 702.

703. Transfers of Interest in Site or Agreement.

703.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. Furthermore, the parties acknowledge that the Agency has negotiated the terms of this Agreement in contemplation of the construction of the Improvements and the property tax increment revenues to be generated by the operation of the Improvements on the Site. Accordingly, for the period commencing upon the date of this Agreement and until the expiration of the Declaration of Uses, no changes in the owner of the Retail Improvements shall occur, and for the period commencing upon the date of this Agreement and until the issuance of the Release of Construction Covenants, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, or lease of the whole or

any part of the Site or the Improvements thereon (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein.

703.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a Transfer shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Improvements.

(b) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311.1 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Improvements, and further including the approved lender's acquisition of the Site by foreclosure or deed in lieu of foreclosure.

(c) The sale of completed For Sale Units to individual homebuyers or the lease of Rental Units or Retail Improvements all in the ordinary course of business.

(d) If Developer is a publicly held corporation, real estate investment trust or publicly held partnership, a Transfer of stock or other shares, provided there is no material change in the actual management and control of the Developer.

In the event of a Transfer by Developer under subparagraph (a) above not requiring the Agency's prior approval, Developer nevertheless agrees that prior to such Transfer it shall give written Notice to Agency of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement all of the Developer's obligations set forth in this Agreement. Such assignment shall not, however, release the assigning Developer from any obligations to the Agency hereunder.

703.3 Agency Consideration of Requested Transfer. The Agency agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 703 which requires the Agency's approval, provided the Developer delivers written Notice to the Agency requesting such approval. Such Notice shall be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience and its financial commitments and resources in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 703 and as reasonably determined by the Agency. The Agency may, in considering any such request, take into consideration such factors as, without limitation, the transferee's experience and expertise, the transferee's past performance as developer or operator of similar developments, and the transferee's current financial condition and capabilities.

An assignment and assumption agreement in form reasonably satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers requiring the Agency's approval hereunder. Within fifteen (15) days after the receipt of the Developer's written Notice requesting Agency approval of a Transfer pursuant to this Section 703, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine

whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested and the Agency shall approve or disapprove the requested Transfer within fifteen (15) days after the receipt of such information. Upon the effective date of an assignment approved by the Agency, the assignor or transferor shall be released from all obligations to the Agency hereunder.

703.4 Successors and Assigns. All of the terms, covenants and conditions set forth in this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

703.5 Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests in the affordable housing covenants hereunder to the City at any time without the consent of the Developer.

704. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Improvements.

705. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency Director (or his or her duly authorized representative). The Agency Director shall have the authority to make approvals, issue interpretations, waive provisions, sign documents and/or enter into certain amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the Agency as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

706. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by both Parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

707. Integration. This Agreement contains the entire understanding between the Parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the Parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, including without limitation the Exclusive Negotiating Agreement, are merged in this Agreement and shall be of no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material. This Agreement includes Attachment Nos. I through II, which are incorporated herein.

708. Real Estate Brokerage Commission. The Developer shall be responsible for any brokerage fees payable in connection with this transaction, which fees shall be included in the Site Acquisition Costs. The Agency and the Developer each represents that it has not engaged the services of any other finder or broker and that it is not liable for any other real estate commissions, broker's fees, or finder's fees which may accrue by reason of the acquisition and the conveyance of all or part of the Site, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the Party making such representations.

709. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

710. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both Parties.

711. No Waiver. A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Party must be in writing and executed by the waiving Party to be enforceable and no such waiver shall be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

712. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party. The Agency agrees to reasonably consider making changes to this Agreement and entering into supplemental agreements which are proposed by the Developer's lender.

713. Severability. If any term, provision, condition or covenant of this Agreement or its application to a Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

714. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

715. Legal Advice. Each Party represents and warrants to the other the following: it has carefully read this Agreement, and in signing this Agreement it does so with full knowledge of any right which it may have; it has received independent legal advice from its legal counsel as to the matters set forth in this Agreement, or has knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, it has freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party or its agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

716. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

717. Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

718. Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

719. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before forty-five (45) days after signing and delivery of this Agreement by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

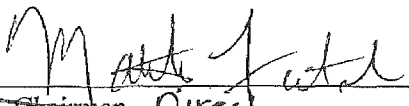
720. Estoppel Certificate. Each of the Parties shall at any time and from time to time upon not less than twenty (20) days prior notice by the other, execute, acknowledge and deliver to such other Party a statement in writing certifying that this Agreement is unmodified and is in full force and effect (or if there shall have been modifications that this Agreement is in full force and effect as modified and stating the modifications), and stating whether or not to the best knowledge of the signer of such certificate such other Party is in Breach or Default in performing or observing any provision of this Agreement, and, if in Breach or Default, specifying each such Breach or Default of which the signer may have knowledge, and such other matters as such other Party may reasonably request, it being intended that any such statement delivered by Developer may be relied upon by Agency or any successor in interest to Agency, and it being further intended that any such statement delivered by Agency may be relied upon by any prospective assignee of Developer's interest in this Agreement or any prospective mortgagee or encumbrancer thereof. Reliance on any such certificate may not extend to any Breach or Default as to which the signer of the certificate shall have had no actual knowledge. The Party requesting the Estoppel Certificate shall reimburse the other Party for all actual and direct third party costs incurred by such Party in connection with such Estoppel Certificate within ten (10) days after written demand therefor which notice shall contain all relevant invoices or other evidence of such costs.

721. No Third Party Beneficiaries. Except to the extent the City is given express rights hereunder, there are no third party beneficiaries of this Agreement.

IN WITNESS WHEREOF, the Agency and the Developer have executed this Disposition and Development Agreement to be effective as of the Date of Agreement first set forth above.

AGENCY:

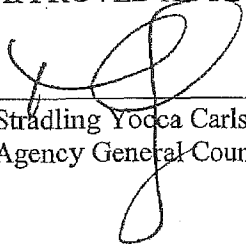
**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: 
~~Chairman~~ Director

ATTEST:

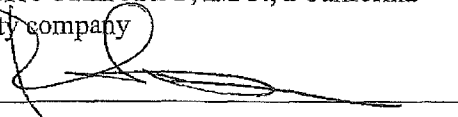

Agency Secretary

APPROVED AS TO FORM:


Stradling Yocca Carlson & Rauth,
Agency General Counsel

DEVELOPER:

NEW AGE BROOKHURST, LLC., a California
limited liability company

By: 

By: Its Manager, Kam Sang Co., Inc.
Ronnie Lam, its President

ATTACHMENT NO. 1

LEGAL DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 35' 50''$ West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North $89^{\circ} 52' 10''$ East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North $89^{\circ} 52' 10''$ East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South $56^{\circ} 26' 17''$ West, A Distance Of 272.86 Feet ; Thence North $33^{\circ} 33' 43''$ West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South $89^{\circ} 24' 10''$ West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $89^{\circ} 52' 10''$ East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South $0^{\circ} 35' 50''$ East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North $89^{\circ} 24' 10''$ East, A Distance Of 171.32 Feet ; Thence South $33^{\circ} 33' 43''$ East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North $56^{\circ} 26' 17''$ East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said Westerly Right-Of-Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of $22^{\circ} 25' 30''$, An Arc Distance Of 289.63 Feet ; Thence South $39^{\circ} 46' 16''$ West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South $89^{\circ} 53' 57''$ West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North $0^{\circ} 24' 30''$ West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South $89^{\circ} 54' 35''$ West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.



I hereby certify that the foregoing transcript of _____ page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

NOV 30 2010 SH

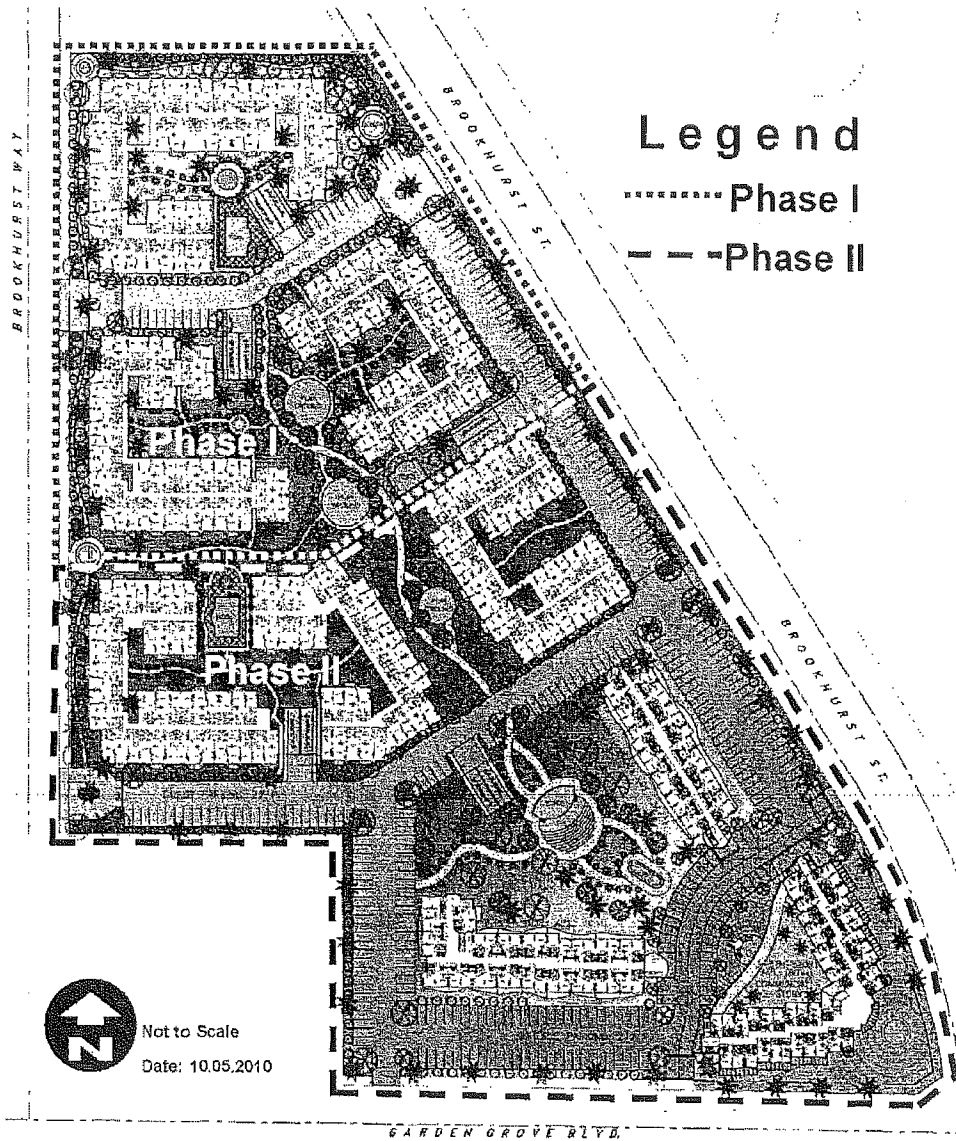
Date: _____


DEBRA BOWEN, Secretary of State

ATTACHMENT NO. 2

SITE MAP

Site Plan



ATTACHMENT NO. 5

CONDENSED SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
Initial consideration of DDA by the Agency Board.	Within thirty (30) days after Developer's delivery to the Agency of three (3) executed copies of this DDA.
Developer submits Deposit.	Prior to consideration of the DDA by the Agency.
Agency and Developer open Escrow.	Within ten (10) days after Agency and Developer execute DDA.
Developer completes its Site Investigation pursuant to Section 208.3.	On or before the Due Diligence Date.
Developer commences Construction Documents.	Within ninety (90) days after Agency approves DDA.
Developer presents Site Plan and Tentative Tract Map to the Planning Commission.	Within 180 days after Agency approves DDA.
Developer completes and submits Construction Documents.	Within 270 days after Agency approves DDA.
Developer to provide Agency evidence of Financing for Phase I Improvements.	Within 360 days after Agency approves DDA.
Developer presents Final Tract Map for Phase I Improvements to the City Council and Agency Board.	Within 270 days after Agency approves DDA.
Developer to provide evidence of insurance prior to the Close of Escrow	Prior to the Close of Escrow.
Close of Escrow.	On or before December 1, 2011.
Developer secures Permits and commences Construction on Phase I Improvements.	Within fifteen (15) days after Close of Escrow.
Developer completes the first building (80) units of the Phase I Improvements.	Within 455 days after Phase 1 Close of Escrow.
Developer to provide Agency evidence of Financing for Phase II , Subphase A Improvements.	The earlier to occur 470 days after Phase I Close of Escrow or one hundred eighty 180 days after completion of the first building of Phase 1
Phase II Close of Escrow.	On or before the earlier of September 1, 2013 or 570 days after the Phase-1 Closing.

ATTACHMENT NO. 3

RECORDING REQUESTED BY,)
MAIL TAX STATEMENTS TO)
AND WHEN RECORDED MAIL TO:)
)
New Age Brookhurst, LLC)
411 E. Huntington Drive, Suite 305)
Arcadia, California 91006)
Attention: Mr. Ronnie Lam)
)

This document is exempt from payment of a recording fee pursuant to Government Code Section 27383.

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), hereby grants to **NEW AGE BROOKHURST, LLC**, a California limited liability company ("Developer"), the real property hereinafter referred to as the "Phase ___ Site," as applicable, described in Exhibit A attached hereto and incorporated herein, subject to the following:

1. Conveyance in Accordance With Disposition and Development Agreement. The Site is conveyed in accordance with and subject to the provisions of the Disposition and Development Agreement entered into by and between Agency and Developer dated _____, 2010 (the "DDA"), a copy of which is on file with the Agency at its offices located at 11222 Acacia Parkway, Garden Grove, California 92840, as a public record and which is incorporated herein by reference. The DDA generally requires the Developer to construct and develop the Improvements, and to comply with all of the other requirements set forth therein. The covenants in the DDA shall run with the land and shall be binding upon the Developer and all of the successors and assigns of the Developer's right, title, and interest in and to any portion of the Site for the periods of time set forth therein. All the terms used herein, unless otherwise defined herein shall have the meaning as in the DDA.

2. Nondiscrimination. Developer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

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

All deeds, leases or contracts entered into by Developer relating to the Phase ___ Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

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

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status,

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

(c) In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

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

(d) The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns, any occupants of the Phase ___ Site, and any successor in interest to the Phase ___ Site. The covenants against discrimination shall remain in effect in perpetuity. In no event shall anything in this Section 2 be construed as authority to lease Residential Units unless otherwise permitted herein.

3. Violations Do Not Impair Liens. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the DDA; provided, however, that any subsequent owner of the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner’s title was acquired by foreclosure, deed in lieu of foreclosure, trustee’s sale or otherwise.

4. Covenants For Benefit of Agency Only. All covenants without regard to technical classification or designation shall be binding for the benefit of the Agency, and such covenants shall run in favor of the Agency for the entire period during which such covenants shall be in force and effect consistent with Paragraphs 2 and 3 hereof, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. The Agency, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed, without regard to technical classification, shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____

ATTEST:

Secretary of the Agency

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency General Counsel

ACCEPTED BY DEVELOPER:

NEW AGE BROOKHURST, LLC., a California
limited liability company

By: _____

By: _____

EXHIBIT A TO ATTACHMENT NO. 3

LEGAL DESCRIPTION OF SITE

[TO BE INSERTED]

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

Unless otherwise specified herein, all capitalized terms in the Scope of Development shall have the meaning(s) set forth for the same Disposition and Development Agreement to which this Scope of Development is attached (DDA).

I. DEVELOPER OBLIGATIONS

A. PROJECT

The Project shall be a first-class mixed use commercial residential development and related parking, open space, landscape and hardscape improvements. The Project shall be consistent with the Redevelopment Plan and the approved PUD.

B. ARCHITECTURE AND DESIGN

1. The Developer shall develop construction plans and design documents shall be developed in compliance with the approved PUD for the Site and shall be consistent with the Conceptual Site Plan. The Residential Component shall include the use of high quality materials including the incorporation of glass, and stone building materials. Each Phase of the project will include architecture that is varied in modern and contemporary Architectural styles. Particular attention shall be paid to massing, scale, color, and materials in order to articulate the buildings elevations. The elevations shall be articulated to extent as possible, avoid flat or one-dimensional elevations. Architectural icon shall be incorporated at the corner of Garden Grove Boulevard and Brookhurst Street, which is a major focal point for the Project.
2. The Project shall have amenities including, but not limited to interior passive water feature, outdoor seating arrangements, decorative trellis shaded area, grassy recreational areas, common BBQ cooking facilities, landscaped meandering walks, urban walking trail along right-of-way on the perimeter of the property, exterior balconies for each unit, enhanced landscaped and paved entry, private streets with decorative paving accent areas, and water fountain in included in the open space program.

C. BUILDING SERVICE, PROJECT TRAFFIC AND MANAGEMENT

1. The Developer shall develop a building service, project traffic and management plan to be included in the Declaration. The Declaration shall specifically include without limitation, the following:
 - (a) A service plan that includes general times for deliveries, trash collection, street cleaning and the agreed upon routing for such service-vehicles. This plan shall include routing and stopping for patron drop-off and small service-vehicles including mail, overnight delivery and messengers as well as conference facility deliveries.

This plan shall also include routing and marked areas for emergency services.

- (b) A traffic plan that includes the Developer's commitment to pay for traffic control officers at the entrances to the parking structures during holiday peak periods and for special events that are expected to generate large volumes of traffic.
- (c) A maintenance and management plan that includes cleaning and refuse policing, no visibility into service areas from public streets, degreasing and deodorizing (particularly for the service, trash and garbage areas), re-stripping, re-painting, re-lighting, drainage cleaning, signage, graffiti management and security.

D. LANDSCAPING

All areas of the Site that are not used for buildings, sidewalks, driveways or other hardscape improvements shall be landscaped in accordance with a landscaping plan to be approved by the Agency. The Developer, at its sole cost and expense, shall be responsible for all these area. Landscaping shall consist of ground cover, trees, potted plants, and fountains, pools, or other water features, if applicable. A permanent automatic water sprinkler system shall be provided in all landscaped areas as required for adequate coverage/maintenance.

E. REFUSE

Refuse areas shall be provided in accordance with the requirements of the Land Use Approvals.

F. SIGNS

The Developer shall develop a sign program. The Project shall have a comprehensive graphics/logos and sign program that shall govern the entire Project; all signs shall conform as to location, size, shape, illumination system, cabinet and copy face colors, letter style, shall be complementary to the overall architectural theme, and comply with the high standards of Underwriter Laboratories. The sign program is to be approved by the Agency.

G. UTILITIES

The Developer shall be responsible for, adequate utilities and utility capacity, roadway and traffic improvements, traffic mitigation measures required by the City to accommodate the project and offsite landscape work to incorporate the proposed urban pedestrian trail on the outside public right-of-way perimeter on Garden Grove Boulevard, Brookhurst Way and Brookhurst Street.

The provision of water, sewer, gas, cable television, and electricity to the Agency Property, although the point of connection will be the responsibility of the Developer, regardless of whether of whether the point of connection is at the property line of the Agency Property or within the public right-of-way adjacent to the Agency Property.

The provision for roadway and traffic improvements and traffic mitigation measures required to accommodate the Project.

H. HOTEL COMPONENT ALTERNATIVE

Developer may, at its election, construct a Hotel Component with approximately one hundred (100) rooms. The Hotel Component shall include the use of high quality materials including the incorporation of glass, and stone building materials. Particular attention shall be paid to massing, scale, color, and materials in order to articulate the buildings elevations. The elevations shall be articulated to extent as possible, avoid flat or one-dimensional elevations. The Hotel Component shall be a Limited-Select Service Hotel such as Aloft Element, Hyatt Place, Hyatt Summerfield Suites, or Marriot Springhill Suites.

II. AGENCY OBLIGATIONS

1. Acquisition of the Site and relocation of all occupants of the Site in compliance with all applicable federal, state and local laws and regulations concerning displacement and relocation;
2. The demolition and removal of all existing structures and above ground improvements, in compliance with all applicable federal, state and local laws and regulations with respect to demolition and/or disposal and mitigation as described above; and
3. The vacation or abandonment of all existing utilities on the Site which would interfere with the proposed development, provided that the Developer agrees to grant easement rights which do not interfere with proposed buildings or which are required to serve the Project.

ATTACHMENT NO. 6

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
New Age Brookhurst, LLC)
411 E. Huntington Drive, Suite 305)
Arcadia, California 91006)
Attention: Mr. Ronnie Lam)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of _____, 200_, by the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), in favor of [DEVELOPER], a _____ (the "Developer"), as of the date set forth below.

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated _____, 2010 concerning the redevelopment of certain real property situated in the City of Garden Grove, California, as more fully described therein (the "Site").

B. As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer or its successors with a Release of Construction Covenants upon completion of construction of the Improvements (as defined in Section 100 of the DDA) within the Site, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Orange County.

C. The Agency has determined that the construction and development of [Specify Improvements] has been satisfactorily completed on and with respect to that certain real property within the Site more fully described in Exhibit "A" attached hereto and made a part hereof (the "Site"). This Release is conclusive determination of satisfactory completion of the construction and development required by the DDA on and with respect to the [Specify Improvements].

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The [Specify Improvements] to be constructed by the Developer on and with respect to the Site have been fully and satisfactorily completed in conformance with the DDA free and clear of any claims and/or liens. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DDA and other documents executed and recorded pursuant to the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any provisions of the DDA.

IN WITNESS WHEREOF, the Agency has executed this Release as of the date set forth above.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____

Its: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency General Counsel

APPROVED BY DEVELOPER:

NEW AGE BROOKHURST, LLC., a California
limited liability company

By: _____

EXHIBIT A EXHIBIT A TO ATTACHMENT NO. 6

PROPERTY DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 35' 50''$ West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North $89^{\circ} 52' 10''$ East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North $89^{\circ} 52' 10''$ East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide; Thence South $33^{\circ} 33' 43''$ East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet; Thence South $56^{\circ} 26' 17''$ West, A Distance Of 272.86 Feet; Thence North $33^{\circ} 33' 43''$ West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet; Thence South $89^{\circ} 24' 10''$ West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $89^{\circ} 52' 10''$ East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide; Thence South $0^{\circ} 35' 50''$ East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North $89^{\circ} 24' 10''$ East, A Distance Of 171.32 Feet; Thence South $33^{\circ} 33' 43''$ East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet; Thence North $56^{\circ} 26' 17''$ East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide; Thence South $33^{\circ} 33' 43''$ East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet; Thence Southeasterly Along Said Curve, Through A Central Angle Of $22^{\circ} 25' 30''$, An Arc Distance Of 289.63 Feet; Thence South $39^{\circ} 46' 16''$ West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South $89^{\circ} 53' 57''$ West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 24' 30''$ West Along Said Westerly Line, A Distance Of 229.94 Feet; Thence South $89^{\circ} 54' 35''$ West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 7

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Agency for)
Community Development)
11222 Acacia Parkway)
Garden Grove, California 92840)
Attn: Director)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

DECLARATION OF USES

THIS DECLARATION OF USES (the "Declaration") is made as of _____, 200_, by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic (the "Agency"), and NEW AGE BROOKHURST, LLC., a California limited liability company (the "Developer"), with reference to the following:

A. The Agency and the Developer have executed a Disposition and Development Agreement (the "Agreement"), dated as of _____, 2010, which provides for the development of retail improvements on certain real property located in the City of Garden Grove, County of Orange, State of California, more fully described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Retail Improvements"). The Agreement is available for public inspection and copying at the office of the Agency, 11222 Acacia Parkway, Garden Grove, California 92840. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Declaration by reference as though written out at length herein. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in Section 100 of the Agreement.

B. The Agreement provides for, among other things, the Developer's execution of this Declaration with respect to the retail improvements to be developed on the Retail Improvements (the "Retail Improvements").

NOW, THEREFORE, the Developer and the Agency hereby agree as follows:

1. **Use Covenant.** For a term commencing upon the date that the Agency issues a Release of Construction Covenants for the Retail Improvements, and ending upon the _____ anniversary thereof, the Developer hereby covenants and agrees that the Retail Improvements shall be used only for commercial retail uses, and Developer shall use good faith, commercially reasonable efforts to lease all of the Retail Improvements within the Retail Improvements to retail and commercial businesses.

2. **Prohibited Uses.** Without limitation upon the foregoing, no use or operation will be made, conducted or permitted on or with respect to all or any part of the Retail Improvements, which use or operation is obnoxious to, or out of harmony with, the development or operation of retail or commercial uses and facilities, including but not limited to, the following:

- (a) any public or private nuisance, any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness, or any obnoxious odor;
- (b) any excessive quantity of dust, dirt, or fly ash; provided, however, this prohibition shall not preclude the sale of soils, fertilizers, or other garden materials or building materials in containers if incident to the operation of a home improvement or general merchandise store;
- (c) any fire, explosion or other damaging or dangerous hazard, including the storage, display or sale of explosives or fireworks;
- (d) any adult bookstore, adult entertainment establishment, or other establishment primarily selling or displaying sexually oriented materials;
- (e) any distillation (except for a microbrewery associated with a restaurant use, or similar operation), refining, smelting, agriculture or mining operations;
- (f) any mobilehome or trailer court, labor camp, junk yard, stock yard or animal raising;
- (g) any drilling for and/or removal of subsurface substances; provided, however, that slant drilling is permitted so long as no drilling equipment is located upon the surface of the Property;
- (h) any dumping of garbage or refuse, other than in enclosed receptacles intended for such purpose;
- (i) any cemetery, mortuary or similar service establishment;
- (j) any car washing establishment;
- (k) any automobile body and fender repair work;
- (l) any skating rink, bowling alley, teenage discotheque, discotheque, dance hall, pool room, massage parlor, off-track betting facility, casino, card club, bingo parlor or facility containing gaming equipment;
- (m) any fire sale, flea market, bankruptcy sale (unless pursuant to a court order) or auction operation;
- (n) any automobile, truck, trailer or recreational vehicle sales, leasing or display which is not entirely conducted inside of a building;
- (o) any bar, tavern, restaurant or other establishment whose annual gross revenues from the sale of alcoholic beverages for on-premises consumption exceeds fifty percent (50%) of the gross revenues of such business, except for a microbrewery or wine bar associated with a restaurant use or similar operation;

(p) any school, training, educational or day care facility, including but not limited to: beauty schools, barber colleges, nursery schools, diet centers, reading rooms, places of instruction or other operations catering primarily to students or trainees rather than to customers;

(q) any church, synagogue, mosque or other place of worship;

(r) any apartment, home or other residential use; and

(s) any industrial use.

3. Nuisances. No noxious or offensive trade or activity shall be carried on within the Retail Improvements, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment by each of the owners of the neighboring property, or which shall in any way increase the rate of insurance for any other neighboring property. No uses shall violate the nuisance provisions of the Garden Grove Municipal Code.

4. Unsightly Items. All weeds, rubbish, debris or unsightly material or objects of any kind shall be regularly removed from the Retail Improvements, at the sole expense of the Developer and its tenants, and shall not be allowed to accumulate thereon. All refuse containers, trash cans, wood piles, storage areas, machinery and equipment shall be prohibited upon the Retail Improvements except in accordance with rules adopted by the parties to this Declaration.

5. Mineral Exploration. No oil development, oil refining, coring or mining operations of any kind shall be permitted upon or in the Retail Improvements, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the Retail Improvements or within five hundred (500) feet below the surface of the Retail Improvements. No derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected, maintained or permitted on the Retail Improvements.

6. Compliance with Governmental Regulations. Nothing herein contained shall be deemed or constitute approval of any use which is inconsistent with ordinances of the City of Garden Grove or the other provisions of this Declaration.

7. Miscellaneous Provisions.

a. If any provision of this Declaration or portion thereof, or the application to any person or circumstances, shall to any extent be held invalid, inoperative or unenforceable, the remainder of this Declaration, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Declaration; and each provision of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

b. This Declaration shall be construed in accordance with the laws of the State of California.

c. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of the Developer and the Agency.

d. In the event action is instituted to enforce any of the provisions of this Declaration, the prevailing party in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorney's fees and costs.

8. Effect of Declaration. The covenants and agreements established in this Declaration shall, without regard to technical classification and designation, run with the land and be binding on each owner of the Retail Improvements and any successor in interest to the Retail Improvements, or any part thereof (including each parcel thereof), for the benefit of and in favor of the Agency, its successor and assigns, and the City of Garden Grove.

IN WITNESS WHEREOF, the parties hereto have executed this Declaration the day and year first hereinabove written.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency General Counsel

DEVELOPER:

NEW AGE BROOKHURST, LLC., a California
limited liability company

By: _____

EXHIBIT A TO ATTACHMENT NO. 7

LEGAL DESCRIPTION OF SITE

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 35' 50''$ West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North $89^{\circ} 52' 10''$ East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North $89^{\circ} 52' 10''$ East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South $56^{\circ} 26' 17''$ West, A Distance Of 272.86 Feet ; Thence North $33^{\circ} 33' 43''$ West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South $89^{\circ} 24' 10''$ West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $89^{\circ} 52' 10''$ East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South $0^{\circ} 35' 50''$ East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North $89^{\circ} 24' 10''$ East, A Distance Of 171.32 Feet ; Thence South $33^{\circ} 33' 43''$ East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North $56^{\circ} 26' 17''$ East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of $22^{\circ} 25' 30''$, An Arc Distance Of 289.63 Feet ; Thence South $39^{\circ} 46' 16''$ West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South $89^{\circ} 53' 57''$ West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North $0^{\circ} 24' 30''$ West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South $89^{\circ} 54' 35''$ West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 8

REGULATORY AGREEMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
))
Garden Grove Agency for)
Community Development)
11222 Acacia Parkway)
Garden Grove, California 92840)
Attention: Agency Director)
))

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (the "Agreement") is entered into as of _____, 2010, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body corporate and politic (the "Agency"), and **NEW AGE BROOKHURST, LLC.**, a California limited liability company (the "Developer").

RECITALS

A. Developer has acquired from the Agency certain real property located within the City of Garden Grove, as particularly described in the Legal Description attached hereto as Exhibit A, which is incorporated herein by reference (the "Site").

B. Developer desires to construct a multifamily affordable housing development, which will consist of a minimum of one hundred forty (140) units (the "Rental Units"), and to make available and rent not less than one hundred twenty (120) of the Rental Units to Moderate Income Households at Affordable Rent (the "Affordable Rental Units").

C. Developer and Agency have entered into a Disposition and Development Agreement (the "DDA") dated as of _____, 2010. Capitalized terms not defined herein shall have the meaning set forth in the DDA. Subject to the terms and conditions therein, the Developer has agreed to acquire the Site and construct and operate, among other things, the Affordable Rental Units and the Developer has agreed to make available and lease all of the Affordable Rental Units to Persons and Families of Low or Moderate Income, all at an Affordable Rent (as those terms are defined herein). The execution and recording of this Agreement is a requirement of the DDA.

NOW, THEREFORE, the parties hereto agree as follows:

1. Number of Affordable Rental Units. The Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) _____ () of the two (2) bedroom Rental Units in Phase I to Persons and Families of Low or Moderate Income at an Affordable Rent;

(b) _____ () of the one (1) bedroom Rental Units in Phase I to Persons and Families of Low or Moderate Income at an Affordable Rent;

(c) _____ () of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent; and

(d) _____ () of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

2. Duration of Affordability Requirements. The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City's issuance of a certificate of occupancy for the applicable Phase.

3. Selection of Tenants. The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

4. Household Income Requirements. Following the initial lease-up of the Rental Units in each of Phase R-1 and Phase R-2, and annually thereafter, the Developer shall submit to the Agency, at the Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Rental Units of such Phase. At the Agency's request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

5. Affordable Rent. The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no

utility allowance shall be deducted from the rent. "Monthly Rent" does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

6. Occupancy Limits. The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

7. Marketing Program. The Developer shall prepare and obtain Agency Director's approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the "Marketing Program"). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director's prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

(1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and

(2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

8. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this

Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

9. Successors and Assigns. This Agreement shall run with the land, and all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and the Agency and the permitted successors and assigns of the Developer and the Agency. Whenever the term "Developer," or "Agency" is used in this Agreement, such term shall include any other successors and assigns as herein provided.

10. No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Agency and its successors and assigns, and Developer and its successors and assigns, and no other person or persons shall have any right of action hereon.

11. Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

12. Governing Law. This Agreement and the documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

13. Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Developer and the Agency.

14. Definitions. Any word, term or phrase not specifically defined in this Agreement shall have the same meaning as ascribed to it in the DDA.

[Signature block begins on follow page.]

ATTACHMENT NO. 9

NOTICE OF AFFORDABILITY RESTRICTION

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 Garden Grove Agency for)
 Community Development)
 11222 Acacia Parkway)
 Garden Grove, California 92840)
 Attn: Director)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

This NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (or "Notice of Affordability Restrictions") is executed and recorded pursuant to Section 33334.3(f)(3)(B) of the California Health & Safety Code as amended by AB 987, Chapter 690, Statutes of 2007 (herein, "Chapter 690"), and affects that certain real property generally located at _____ in the City of Garden Grove, California ("City") as legally described in Exhibit A hereto ("Property"). The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic ("Agency"), and NEW AGE BROOKHURST, LLC. ("Developer") have entered into that certain DISPOSITION AND DEVELOPMENT AGREEMENT dated as of _____, 20__ ("DDA") and have entered into that certain REGULATORY AGREEMENT as of _____, 20__ ("Regulatory Agreement"). Capitalized terms not defined herein shall have the meaning set forth in the DDA.

1. The Regulatory Agreement provides for affordability restrictions and restrictions on the transfer of the Property, as more particularly set forth in the Regulatory Agreement. A copy of the Regulatory Agreement is on file with Agency as a public record and is deemed incorporated herein. Reference is made

to the Regulatory Agreement with regard to the complete text of the provisions of such agreement and all defined terms therein, which provides for affordability restrictions and restrictions on the transfer of the Site.

2. The Regulatory Agreement generally provides for the Developer to construct and operate not less than one hundred twenty (120) Affordable Rental Units for rent to Moderate Income Households at Affordable Rents for a period commencing upon the date on which certificates of occupancy are granted for the Affordable Rental Unit and terminating on the fifty-fifth (55th) anniversary thereof.

3. Section 500 of the DDA provides as follows:

“501. Number of Affordable Rental Units. Pursuant to this Agreement and the Regulatory Agreement, the Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) Seventy (70) of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(b) Forty (40) of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(c) Ten (10) of the three (3) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

“502. Duration of Affordability Requirements. The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City’s issuance of a certificate of occupancy for the applicable Phase (the “Affordability Period”).

“503. Selection of Tenants. The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

“504. Household Income Requirements. Following the initial lease-up of the Affordable Rental Units in each of Phase I and Phase II, and annually thereafter, the Developer shall submit to the Agency, at the Developer’s expense, a summary of the income, household size and rent payable by each of the tenants of the Affordable Rental Units of such Phase. At the Agency’s request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Affordable Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

“505. Affordable Rent. The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, “Monthly Rent” means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent. “Monthly Rent” does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

“506. Occupancy Limits. The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not

exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

“507. Marketing Program. The Developer shall ~~prepare~~ and obtain Agency Director’s approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the “Marketing Program”). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director’s prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

- (1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and
- (2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

“508. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

“509. Regulatory Agreement and Notice of Affordability Restrictions. The requirements of this Agreement which are applicable to the Affordable Rental Units after the conveyance of the Site to the Developer are set forth in each Regulatory Agreement. Additionally, the Developer shall record a Notice of Affordability Restrictions on Transfer of Property (“Notice of Affordability Restrictions”) as to each Phase of the Rental Units, which shall run with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor in interest who continues the violation pursuant thereto. The execution of a Regulatory Agreement and the Developer’s execution of a Notice of Affordability Restrictions is a Condition Precedent to the Closing for each Phase, as set forth in Section 205. The Agency shall subordinate this Agreement, each Regulatory Agreement and Notice of Affordability Restrictions to the construction and permanent financing approved pursuant to Section 311.1 by the execution of a subordination agreement in a form determined to be reasonably acceptable to the Executive Director.”

[Signature block begins on follow page.]

HOMEBUYER:

By: _____

Printed Name: _____

By: _____

Printed Name: _____

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,
a public body, corporate and politic**

By: _____

Chairman

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency General Counsel

EXHIBIT A EXHIBIT A TO ATTACHMENT 9

LEGAL DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 35' 50''$ West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North $89^{\circ} 52' 10''$ East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North $89^{\circ} 52' 10''$ East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South $56^{\circ} 26' 17''$ West, A Distance Of 272.86 Feet ; Thence North $33^{\circ} 33' 43''$ West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South $89^{\circ} 24' 10''$ West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $89^{\circ} 52' 10''$ East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South $0^{\circ} 35' 50''$ East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North $89^{\circ} 24' 10''$ East, A Distance Of 171.32 Feet ; Thence South $33^{\circ} 33' 43''$ East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North $56^{\circ} 26' 17''$ East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of $22^{\circ} 25' 30''$, An Arc Distance Of 289.63 Feet ; Thence South $39^{\circ} 46' 16''$ West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South $89^{\circ} 53' 57''$ West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North $0^{\circ} 24' 30''$ West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South $89^{\circ} 54' 35''$ West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 10

OPTION AGREEMENT

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 Garden Grove Agency for)
 Community Development)
 11222 Acacia Parkway)
 Garden Grove, California 92840)
 Attn: Executive Director)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

OPTION AGREEMENT

This **OPTION AGREEMENT** is entered into as of _____, 200__, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), and **NEW AGE BROOKHURST, LLC.**, a California limited liability company ("Developer").

RECITALS

A. Developer and Agency have executed a Disposition and Development Agreement (the "DDA"), dated as of _____, 2010, pursuant to which Developer has purchased that certain approximately _____ acres of real property in the City of Garden Grove known as the "Brookhurst Triangle," which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge, more particularly described in Exhibit "A" attached hereto and incorporated herein (the "[Phase _____ Site]").

B. Pursuant to Section 505 of the DDA, the Developer has agreed to grant to Agency an option to repurchase the Site or any parcel within the Site upon the occurrence of certain events, as set forth therein.

C. Developer desires to grant to Agency an option to purchase the "[Phase _____ Site]", on the terms and conditions set forth hereinbelow. For purposes of this Option Agreement, "[Phase _____ Site]", shall also be deemed to include any and all improvements located on the real property.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

1. Grant of Option. Developer grants to Agency an option ("Option") to purchase the "[Phase _____ Site]", on the terms and conditions set forth in this Option Agreement. The purchase price payable by Agency to the Developer for the "[Phase _____ Site]", shall be the Purchase Price for the "[Phase _____ Site]", under the DDA, plus the fair market value of the Improvements on the "[Phase _____ Site]", as of the date of the Exercise Notice ("Option Price"). The agreed fair market

value of the Improvements shall be reflected in a memorandum signed by Developer and Agency. In the event Developer and Agency are unable to agree on the fair market value of the Improvements on the ["Phase ____ Site"], within ten (10) days of delivery of the Exercise Notice, the fair market value of the Improvements on the ["Phase ____ Site"], shall be determined by appraisal, as follows: If Developer and Agency cannot agree to the fair market value, each party shall immediately retain, at its expense, an MAI appraiser to appraise the fair market value of the Improvements on the ["Phase ____ Site"]. Each party shall be advised promptly of the appraiser selected by the other, and each shall receive a written and signed copy of the other's appraisal report. The average of the two appraisals of fair market value shall become fair market value; provided, however, if the difference between the two appraisals exceed 10% of the lower appraisal the two appraisers shall immediately select a third MAI appraiser and in the event of their failure to do so, the presiding judge of the Superior Court of Orange County shall upon request of either party appoint the third appraiser. Any valuation then agreed upon by a majority of the three appraisers shall be accepted as final and conclusive between the parties hereto and by any court of competent jurisdiction and shall become the fair market value for the Improvements on the ["Phase ____ Site"]. Should a majority of the three appraisers not be able to agree upon the fair market value, then the average of the three appraisers' reports shall become the fair market value for the ["Phase ____ Site"], or applicable parcel and be binding and conclusive upon the parties. Each party will receive a written and signed copy of the third appraiser's report. The expenses and cost of the third appraiser and any cost incurred to obtain said third appraisal shall be divided equally between Developer and Agency.

2. Term and Consideration for Option. The term of the Option ("Option Term") shall commence on the date of this Option Agreement, and shall expire upon the recordation of a Release Of Construction Covenants with respect to the ["Phase ____ Site"].

3. Exercise of Option. The Option may be exercised by Agency's delivery to Developer of written notice of such exercise ("Exercise Notice") only upon the occurrence of any of the following defaults of the DDA ("Exercise Events"):

(a) Developer shall fail to start the construction of the Improvements as required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(b) Developer shall abandon or substantially suspend construction of the Improvements required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(c) Developer shall, contrary to the provisions of Section 703 of the DDA, transfer or suffer any involuntary transfer in violation of the DDA, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

In the event that Agency exercises the Option, but the Developer cures the default of the DDA prior to the sale of the ["Phase ____ Site"], or applicable parcel to Agency, Agency's exercise of the Option shall be deemed revoked. The revocation of the exercise of the Option shall not terminate this Option Agreement or preclude Agency from subsequently exercising the Option upon a later occurrence of one or more of the Exercise Events.

4. Escrow and Completion of Sale. Within five (5) days after Agency has exercised the Option, or as soon thereafter as reasonably practicable, an escrow shall be opened with an escrow

company mutually acceptable to Agency and Developer for the conveyance of the ["Phase ____ Site"], to Agency. Agency shall deposit the Option Price in escrow not later than one (1) business day prior to the anticipated close of escrow date. Agency's obligation to close escrow shall be subject to Agency's approval of a then-current preliminary title report and, at Agency's option, environmental and other site testing. Any exceptions shown on such preliminary title report created on or after the Developer's acquisition of the ["Phase ____ Site"], shall be removed by Developer at its sole expense prior to the close of escrow pursuant to this Section 4 unless such exception(s) is(are) accepted by Agency in its reasonable discretion; provided, however, that Agency shall accept the following exceptions to title: (i) current taxes not yet delinquent, (ii) matters affecting title existing on the date of Developer's acquisition of the ["Phase ____ Site"], (iii) liens and encumbrances in favor of the City of Garden Grove, and (iv) matters shown as printed exceptions in the standard form ALTA owner's policy of title insurance. The parties shall each be responsible for one-half of the escrow fees, documentary transfer taxes, recording fees and any other costs and expenses of the escrow, and the Developer shall be responsible for the cost of a ALTA owner's policy of title insurance to be provided to the Agency. Agency shall have thirty (30) days after exercise of the Option to enter upon the ["Phase ____ Site"], to conduct any tests, inspections, investigations, or studies of the condition of the ["Phase ____ Site"]. Developer shall permit Agency access to the ["Phase ____ Site"], for such purposes. Agency shall indemnify, defend, and hold harmless Developer and its officers, directors, shareholders, partners, employees, agents, and representatives from and against all claims, liabilities, or damages, and including expert witness fees and reasonable attorney's fees and costs, caused by Agency's activities with respect to or arising out of such testing, inspection, or investigatory activity on the ["Phase ____ Site"]. Escrow shall close promptly after acceptance by Agency of the condition of title and the Physical and Environmental Condition of the ["Phase ____ Site"]. Until the Closing, the terms of the DDA and the documents executed and recorded pursuant thereto shall remain in full force and effect.

5. Failure to Exercise Option. If the Option is not exercised in the manner provided in Section 3 above before the expiration of the Option Term, the Option shall terminate. Upon receipt of the written request of Developer, Agency shall cause a quitclaim deed terminating or releasing any and all rights Agency may have to acquire the ["Phase ____ Site"], ("Quitclaim Deed") to be recorded in the Official Records of Orange, California.

6. Assignment and Nomination. Agency shall not assign its interest hereunder without the approval of the Developer, which may be given or withheld in Developer's sole and absolute discretion; provided that Agency may nominate another person or entity to acquire the ["Phase ____ Site"], and the identity of such nominee shall not be subject to the approval of the Developer.

7. Title. Following the date hereof, except as permitted by the DDA, Developer agrees not to cause, and shall use commercially reasonable efforts not to permit, any lien, easement, encumbrance or other exception to title to be recorded against the ["Phase ____ Site"], without Agency's prior written approval, such approval not to be unreasonably withheld.

8. Representations and Warranties of Developer. Developer hereby represents, warrants and covenants to Agency as follows, which representations and warranties shall survive the exercise of the Option and the Close of Escrow:

(a) that this Option Agreement and the other documents to be executed by Developer hereunder, upon execution and delivery thereof by Developer, will have been duly entered into by Developer, and will constitute legal, valid and binding obligations of Developer;

(b) neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Developer is a party or by which it is bound; and

(c) Developer shall pay, prior to delinquency, any and all real property taxes and assessments which affect the ["Phase _____ Site"].

Developer agrees to indemnify, protect, defend, and hold Agency and the City of Garden Grove harmless from and against any damage, claim, liability, or expense of any kind whatsoever (including, without limitation, reasonable attorneys' fees and fees of expert witnesses) arising from or in connection with any breach of the foregoing representations, warranties and covenants. Such representations and warranties of Developer, shall be true and correct on and as of the date of this Option Agreement and on and as of the date of the Close of Escrow.

9. Representations and Warranties of Agency. Agency hereby represents and warrants and covenants to Developer, as follows, which representations and warranties shall survive the Close of Escrow:

(a) that this Option Agreement and the other documents to be executed by Agency hereunder, upon execution and delivery thereof by Agency, will have been duly entered into by Agency, and will constitute legal, valid and binding obligations of Agency, and

(b) neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Agency is a party or by which it is bound.

Agency agrees to indemnify, protect, defend, and hold Developer and the Site harmless from and against any damage, claim, liability, or expense of any kind whatsoever (including, without limitation, reasonable attorneys' fees and fees of expert witnesses) arising from or in connection with any breach of the foregoing representations, warranties and covenants. Such representations and warranties of Agency, and any other representations and warranties of Agency contained elsewhere in this Option Agreement shall be true and correct on and as of the date of this Option Agreement and on and as of the date of the Close of Escrow.

10. General Provisions.

10.1 Paragraph Headings. The paragraph headings used in this Option Agreement are for purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Option Agreement.

10.2 Notices. Any notice, demand, approval, consent, or other communication required or desired to be given under this Option Agreement shall be in writing and shall be either personally served, sent by telecopy, mailed in the United States mails, certified, return receipt requested, postage prepaid, or sent by other commercially acceptable means, addressed to the party to be served with the copies indicated below, at the last address given by that party to the other under the provisions of this section. All communications shall be deemed delivered at the earlier of actual receipt, the next business day after deposit with Federal Express or other overnight delivery service or two (2) business days following mailing as aforesaid, or if telecopied, when sent, provided a copy is mailed or delivered as provided herein:

To Developer: Kam Sang Company, Inc.
411 E. Huntington Drive, Suite 305
Arcadia, California 91006
Attention: Mr. Ronnie Lam

To Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92840
Attn: Executive Director

Copy to: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Thomas P. Clark, Jr.

10.3 Binding Effect. The terms, covenants and conditions of this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and transferees.

10.4 Entire Agreement. This Option Agreement sets forth the entire agreement between the parties hereto respecting the Option, and supersedes all prior negotiations and agreements, written or oral, concerning or relating to the subject matter of this Option Agreement.

10.5 California Law. This Option Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such laws.

10.6 Time of the Essence. Time is of the essence of each and every provision of this Option Agreement.

10.7 Counterparts. This Option Agreement may be signed by the parties hereto in duplicate counterparts which together shall constitute one and the same agreement between the parties and shall become effective at such time as both of the parties shall have signed such counterparts.

10.8 Attorneys' Fees. If either party commences an action against the other to enforce any of the terms hereof or because of the breach by either party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action, including appeal of and/or enforcement of a judgment.

10.9 Computation of Time. All periods of time referred to in this Option Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time is specified as business days (which shall not include Saturdays, Sundays and state or national holidays), provided that if the date or last date to perform any act or give any notice with respect to this Option Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

10.10 Definition of Terms. Terms not otherwise defined in this Option Agreement are defined in the DDA.

IN WITNESS WHEREOF, this Option Agreement is executed by the parties hereto on the date first above written.

DEVELOPER:

NEW AGE BROOKHURST, LLC., a California limited liability company

By: _____

By: _____

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency General Counsel

**EXHIBIT A TO ATTACHMENT NO. 10
OPTION AGREEMENT**

LEGAL DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $0^{\circ} 35' 50''$ West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North $89^{\circ} 52' 10''$ East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North $89^{\circ} 52' 10''$ East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South $56^{\circ} 26' 17''$ West, A Distance Of 272.86 Feet ; Thence North $33^{\circ} 33' 43''$ West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South $89^{\circ} 24' 10''$ West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North $89^{\circ} 52' 10''$ East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South $0^{\circ} 35' 50''$ East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North $89^{\circ} 24' 10''$ East, A Distance Of 171.32 Feet ; Thence South $33^{\circ} 33' 43''$ East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North $56^{\circ} 26' 17''$ East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South $33^{\circ} 33' 43''$ East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of $22^{\circ} 25' 30''$, An Arc Distance Of 289.63 Feet ; Thence South $39^{\circ} 46' 16''$ West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South $89^{\circ} 53' 57''$ West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North $0^{\circ} 24' 30''$ West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South $89^{\circ} 54' 35''$ West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North $0^{\circ} 35' 50''$ West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.



Garden Grove Long Range Property Management Plan

No. Property Type		HSC 34191.5(c)(2) Permissible Use Permissible Use Detail		HSC 34191.5(c)(1)(A) Acquisition Date Value At Purchase Estimated Current Value		Date of Estimated Current Value	Sale of Property Proposed Sale Value Proposed Sale Date		HSC 34191.5(c)(1)(B) Purpose for Which Property Was Acquired	HSC 34191.5(c)(1)(C) Address APN Lot Size Current Zoning			HSC 34191.5(c)(1)(D) Estimate of Current Value	HSC 34191.5(c)(1)(E) Est. of Income/Revenue (Annual) Contractual Req. for Use of Inc/Revenue	HSC 34191.5(c)(1)(F) Environmental History	HSC 34191.5(c)(1)(G) TOD Potential	HSC 34191.5(c)(1)(H) History of Previous Development Proposals & Activity				
PROPERTIES SUBJECT TO AN ENFORCEABLE OBLIGATION																					
WATERPARK HOTEL DDA (ROPS ITEM NO. 19)																					
1	Vacant Lot	Properties subject to an enforceable obligation	For redevelopment purposes per a DDA dated May 7, 2010 and approved by the DOF via a final and conclusive determination dated February 6, 2013. Additionally, an easement pertaining to these properties was approved by the Oversight Board on June 26, 2013, and approved by the DOF on August 9, 2013. Refer to 5/29/13 cover letter additional information about these properties and this project.	4/4/03	\$ 5,506,400	\$ 15,300,000	7/9/12	\$0 ¹	12/1/13	Properties are located in a redevelopment project area and Harbor Blvd. Corridor Specific Plan, which identifies resort and tourist oriented development as the development goal for the Harbor corridor and is consistent with the Agency Five Year Implementation Plan.	12625 Harbor Blvd	231-431-02	186,418	\$ 15,300,000	\$0.00	N/A	No known or significant environmental issues. Arsenic on Ton properties remediated. See attached report from Phase I, Inc. dated 6/27/2012.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	Resort hotel, retail and entertainment projects: -Riverwalk Resort (1998) PUD-121-98 -Great Wolf Resort (2009) CUP-303-10		
2	Vacant Lot			4/4/03	\$ 4,014,980	\$ 15,300,000					12721 Harbor Blvd	231-431-03	186,418	\$ 15,300,000	\$0.00						
3	Vacant Lot			3/24/09	\$ 2,438,306	\$ 2,177,000					12591 Harbor Blvd	231-441-40	26,545	\$ 2,177,000	\$0.00						
4	Vacant Lot			5/11/10	\$ 1,494,000	\$ 1,550,000					12581 Harbor Blvd	231-441-39	18,900	\$ 1,550,000	\$0.00						
5	Vacant Lot			7/14/09	\$ 722,025	\$ 1,890,000					12601 Leda Lane	231-441-27	23,100	\$ 1,890,000	\$0.00						
6	Vacant Lot			3/16/11	\$ 758,183	\$ 1,860,000					12602 Leda Lane	231-441-29	22,680	\$ 1,860,000	\$0.00						
7a	Easement			3/10/12	\$ 25,000	\$ 32,800					Well Parcel	231-441-28	400	\$ 32,800	\$0.00						
BROOKHURST TRIANGLE DDA (ROPS ITEM NO. 22)																					
8	Parking lot	Properties subject to an enforceable obligation	Properties are to be transferred to the Developer per a DDA dated 11/23/10 and approved by DOF on previous ROPS. Refer to 5/29/13 cover letter.	7/31/06	\$ 1,414,482	\$ 1,389,000	3/7/06	\$0 ²		Properties are located in a redevelopment project area where mixed-use and housing development are identified as the development goal and is consistent with the Agency Five Year Implementation Plan.	10111 G.G. Blvd	089-071-11	21,700	\$ 1,389,000	\$0.00	N/A	Some environmental issues have been identified in various reports: 10151 Garden Grove Blvd: Contamination levels for PCE, gas, oil, and hydrocarbons exceed maximum concentration levels based on phase two report dated May 18, 2007. Remediation will be needed.	The proposed development will be located on the north west corner of Brookhurst Street and Garden Grove Blvd., which are both major arterial streets carrying 50,000 vehicles per day and a major public bus transit line with heavy ridership.	Residential housing, hotel, and retail projects: -Urban Pacific Builders, LLC ENA Approved 02/28/06 -JPI Calif. Dev. Services LLC. NA Approved 03/25/06 -Kam Sang Mixed Use PUD-123-09		
9	Commercial/Retail Automotive			10/9/07	\$ 12,965,026	\$ 10,733,000					10151 G.G. Blvd.	089-071-25	94,961	\$ 10,733,000	\$81,000.00						
10	Commercial/Retail Automotive	10/9/07	\$ 12,965,026	\$ 10,733,000	10115 G.G. Blvd.	089-071-12	72,745	\$ 10,733,000	\$43,200.00												
11	Commercial/Retail Automotive	10/9/07	\$ 12,965,026	\$ 10,733,000	12861-65 Brookhurst St.	089-071-08	34,080	\$ 10,733,000	\$0.00												
12	Commercial/Retail Automotive	3/27/07	\$ 13,067,010	\$ 16,103,552	10081 G.G. Blvd.	089-071-13	31,640	\$ 16,103,552	\$36,000.00												
13	Commercial/Retail Automotive	3/27/07	\$ 13,067,010	\$ 16,103,552	10081 G.G. Blvd.	089-071-07	147,233	\$ 16,103,552	\$0.00												
14	Commercial/Retail Automotive	3/27/07	\$ 13,067,010	\$ 16,103,552	10081 G.G. Blvd.	089-071-14	72,745	\$ 16,103,552	\$0.00												
15	Commercial/Retail Automotive	3/27/07	\$ 13,067,010	\$ 16,103,552	No Address	089-071-05	14,780	\$ 16,103,552	\$0.00												
16	Commercial/Retail Automotive	3/27/07	\$ 13,067,010	\$ 16,103,552	No Address	089-071-06	72,745	\$ 16,103,552	\$0.00												
17	Vacant Lot	Properties subject to an enforceable obligation	Proceeds are to be distributed based on approved ROPS 13-14B. Net proceeds to be remitted to County for distribution to the taxing entities.	8/20/02	\$ 5,312,198	\$ 19,656,000	3/7/06	\$0 ²		Properties are located in a redevelopment project area where mixed-use and housing development are identified as the development goal and is consistent with the Agency Five Year Implementation Plan.	No Address	089-661-03	34,000	\$ 19,656,000	\$0.00	N/A	(Dal Lee) 10081 Garden Grove Blvd. Phase two report dated April 20, 2007 indicated no contamination at the site.				
18	Vacant Lot			8/20/02	\$ 5,312,198	\$ 19,656,000					No Address	089-661-04	72,745	\$ 19,656,000	\$0.00						
19	Vacant Lot			8/20/02	\$ 5,312,198	\$ 19,656,000					No Address	089-661-05	88,862	\$ 19,656,000	\$0.00						
20	Vacant Lot			8/20/02	\$ 5,312,198	\$ 19,656,000					12882 Brookhurst Way	089-071-24	111,514	\$ 19,656,000	\$0.00						
SITE B2 DDA (ROPS ITEM NO. 20)																					
21	Vacant Lot	Properties subject to an enforceable obligation	Properties are to be transferred to the developer per a Disposition and Development Agreement dated June 2001. Funding approved by the Department of Finance on Sept. 17, 2012. Refer to 5/29/13 cover letter.	5/11/04	\$ 1,155,815	\$ 525,000	7/9/12	\$0 ³	6/15/14	Properties are located in a redevelopment project area and Harbor Blvd. Corridor Specific Plan, which identifies resort and tourist oriented development as the development goal for the Harbor corridor and is consistent with the Agency Five Year Implementation Plan.	12241 Harbor Blvd	231-471-06	6,400	\$ 525,000	\$0.00	N/A	No known environmental issues. No environmental investigations have been conducted due to former residential uses.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	Resort hotel and retail project: -Palm Court Lodging, LLC PUD-141-01 -Newage Garden Grove, LLC Assignment Agreement approved 04/27/2004		
22	Vacant Lot			9/10/02	\$ 319,705	\$ 525,000					12261 Harbor Blvd	231-471-07	6,400	\$ 525,000	\$0.00						
23	Vacant Lot			8/13/02	\$ 302,660	\$ 488,000					12271 Harbor Blvd	231-471-08	5,954	\$ 488,000	\$0.00						
24	Vacant Lot			11/12/02	\$ 416,592	\$ 525,000					12321 Harbor Blvd	231-471-11	6,400	\$ 525,000	\$0.00						
25	Vacant Lot			4/2/02	\$ 241,522	\$ 640,000					12322 Thackery Dr.	231-471-12	7,800	\$ 640,000	\$0.00						
26	Vacant Lot			4/2/02	\$ 285,074	\$ 517,000					12292 Thackery Dr.	231-471-16	6,000	\$ 517,000	\$0.00						
27	Vacant Lot			8/20/02	\$ 282,937	\$ 492,000					12252 Thackery Dr.	231-471-17	6,000	\$ 492,000	\$0.00						
28	Vacant Lot			5/11/04	\$ 310,793	\$ 492,000					12246 Thackery Dr.	231-471-18	6,000	\$ 492,000	\$0.00						
29	Vacant Lot			4/23/02	\$ 310,793	\$ 492,000					12311 Thackery Dr.	231-471-23	6,530	\$ 492,000	\$0.00						
PROPERTIES RETAINED FOR GOVERNMENTAL PURPOSE																					
GARDEN GROVE HIGHER EDUCATION CENTER PARKING LOT																					
30	Parking Lot	Retained for Governmental purpose	These parcels, which provide parking for education/school uses, including California State University, Fullerton and Coastline Community College, has been placed in this category for Transfer per HSC 34181(a).	Unknown	Unknown	Encumbered by 99 yr. lease. 2002 Non-encumbered est. value - \$3.267M	Leasehold Analysis	N/A	N/A	N/A	Project met goals and objectives of redevelopment project area plan by providing parking for the Higher Education Center.	Parking lot @ Education Center	090-163-43 & 090-163-44	139,392	Community Center Specific Plan	Encumbered by 99 yr. lease. 2002 Non-encumbered est. value - \$3.267M	\$0.00	N/A	No known environmental issues	N/A	Office Development (1969)
JORDAN MANOR GREENBELT/PARK																					
32	Park and associated Parking Lot	Retained for Governmental purpose	This property, primarily a green belt/park, has been placed in this category for Transfer per HSC 34181(a).	8/1/83	\$45,391	Unknown	Undetermined	N/A	N/A	N/A	Property was acquired to primarily provide open space, in the form of a small greenbelt, adjacent to the Jordan Manor Senior Housing project	11441 Acacia Pkwy	090-153-27	6,795	Community Center Specific Plan			No known environmental issues	N/A	N/A	
33	Former Retail/Restaurant	Retained for Governmental purpose	Transfer per HSC 34181(a)	7/14/09	\$ 2,908,252	\$ 2,525,000	Based on an appraisal for nearby properties	4/21/10	N/A	N/A	Intended for future Fire Department Headquarters	12900 Euclid St.	090-164-37	81,457	Community Center Specific Plan	\$ 2,525,000	\$0.00	N/A	No known environmental issues	Properties located in Civic Center, near bus line.	N/A
34	Parking Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	4/8/78	\$ 37,000	\$ 37,000	Acquisition Value	Unknown	N/A	N/A	To provide parking for the Village Green Park and the Gem Theater	12852 Main St.	090-141-06	7,600	Community Center Specific Plan	\$ 37,000	\$0.00	N/A	No known environmental issues	N/A	N/A
35	Vacant Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	8/17/00	\$ 166,516	\$ 238,440	Appraisal	4/21/10	N/A	N/A	Intended for future Fire Station No. 6 in conjunction with City purchased properties.	12421 Harbor Blvd	231-451-36	5,961	Harbor Corridor Specific Plan	\$ 238,440	\$0.00	N/A	No known environmental issues	N/A	N/A
36	Vacant Lot	Retained for Governmental purpose	Transfer per HSC 34181(a)	8/17/00	\$ 171,516	\$ 238,440	Appraisal	4/21/10	N/A	N/A	Intended for future Fire Station No. 6 in conjunction with City purchased properties.	12411 Harbor Blvd	231-451-37	5,961	Harbor Corridor Specific Plan	\$ 238,440	\$0.00	N/A	No known environmental issues	N/A	N/A
37	Family Resource Center	Retained for Governmental purpose	Transfer per HSC 34181(a)	2/10/86	\$ 72,900	\$ 72,900	Land value only	N/A	N/A	N/A	Neighborhood Improvement	12661 Sunswep Avenue	198-121-12	9,720	R-3	\$ 72,900	\$0.00	N/A	No known environmental issues	N/A	Jamboree Housing-Affordable housing
38	Remnant Property (fmlly described as a Pedestrian Bridge)	Retained for Governmental purpose	Transfer per HSC 34181(a)	6/28/95	\$ 17,028	\$0.00	N/A	N/A	N/A	N/A	It was part of a larger purchase for the development of 2 Single Family Homes. This piece is unusable.	No Address	101-351-51	5,996	N/A	\$0.00	\$0.00	N/A	No known environmental issues	N/A	N/A
39	Nonprofit Institutional Building	Retained for Governmental purpose	Transfer per HSC 34181(a)	10/9/91	\$ 1,200,000.00	\$ 1,200,000.00	Carrying Value	N/A	N/A	N/A	The former city hall site, this was intended to provide community benefit of Senior Day Care	11391 Acacia Pkwy	090-154-57	72,390	Community Center Specific Plan	\$ 1,200,000	\$0.00	N/A	No known environmental issues	N/A Property is developed as a non-profit adult day care center	N/A
PROPERTIES RETAINED FOR FUTURE DEVELOPMENT																					
40	Restaurant-Vacant	Retained for future development	To be transferred to the city for future development pursuant to HSC 34191.5(c)(2)(A) and HSC 34191.5(c)(2)(B).	7/13/10	\$ 2,400,000	\$ 2,100,000	Based on purchase offers				Acquisition met goals and objectives of redevelopment project area plan in that it addressed a physical blight as a vacant structure in the heart of the resort district.	12361 Chapman Ave	233-171-23	20,908	PUD-113-96	\$ 2,100,000	\$0.00	N/A	No Known environmental issues	Not conducive to TOD	N/A
SITE C																					
41	Vacant Lot	Retained for future development		10/4/08	\$ 2,158,270	\$ 4,438,000						12222 Harbor Blvd	231-491-20	34,948		\$ 4,438,000	\$0.00	N/A			
42	Vacant Lot	Retained for future development		3/10/09	\$ 5,158,445	\$ 5,097,000						12252 Harbor Blvd	231-521-01	3,360		\$ 426,710	\$0.00	N/A	Some environmental issues have been identified in various reports: 12222 Harbor Blvd: See phase two report dated March 10, 2009. 12252 Harbor Blvd: See phase one report dated August 26, 2009. 12262, 12272, 12292 Harbor Blvd: See phase one report dated June 16, 2010.	Properties located on Harbor Blvd, which is a major north-south arterial and a major public bus transit line with heavy ridership.	Entitled for a resort hotel, retail and entertainment project: -DDA approved 6/14/2011 -Land and Design, LLC PUD-126-12
43	Vacant Lot	Retained for future development	DDA covering these properties was not approved by the DOF. Properties to be transferred to City for future development pursuant to HSC 34191.5(c)(2)(A) and HSC 34191.5(c)(2)(B). The City has entered into a development agreement with the Developer to construct the project. Refer to 5/29/13 cover letter.	11/27/12	\$ 1,950,000	\$ 3,065,000	Based on appraisal for neighboring properties under development.	7/9/12	\$0 ³	6/1/14	Project met goals and objectives of redevelopment project area plan. Refer to attached cover letter.	12262 Harbor Blvd	231-531-03	15,300	Commercial PUD/Tourist Oriented Development	\$ 1,950,000	\$0.00	N/A			
44	Single Family Homes	Retained for future development		11/27/12	\$ 5,175,000	\$ 3,625,000						12272 Harbor Blvd	231-531-04	24,140		\$ 3,065,000	\$0.00	N/A			
45	Single Family Homes	Retained for future development		4/10/12	\$ 393,636	\$ 470,000						12292 Harbor Blvd	231-531-05	28,560		\$ 3,625,000	\$0.00	N/A			
46	Single Family Homes	Retained for future development		4/10/12	\$ 393,377	\$ 470,000						12551 Twintree	231-521-09	7,183		\$ 470,000	\$0.00	N/A			
47	Single Family Homes	Retained for future development		4/10/12	\$ 393,377	\$ 470,000						12571 Twintree	231-521-10	7,183		\$ 470,000	\$0.00	N/A			
48	Single Family Homes	Retained for future development		11/1/12	\$ 444,955	\$ 725,000						12237 Choiseur Rd.	231-491-13, 18	11,000		\$ 725,000	\$0.00	N/A			
49	Single Family Homes	Retained for future development		2/28/12	\$ 443,993	\$ 725,000						12239 Choiseur Rd.	231-491-12, 19	11,459		\$ 725,000	\$0.00	N/A			

Garden Grove Long Range Property Management Plan

No.	Property Type	HSC 34191.5(c)(2)		HSC 34191.5(c)(1)(A)			Date of Estimated Current Value	Sale of Property		HSC 34191.5(c)(1)(B)	HSC 34191.5(c)(1)(C)				HSC 34191.5(c)(1)(D)	HSC 34191.5(c)(1)(E)		HSC 34191.5(c)(1)(F)	HSC 34191.5(c)(1)(G)	HSC 34191.5(c)(1)(H)	
		Permissible Use	Permissible Use Detail	Acquisition Date	Value At Purchase	Estimated Current Value		Value Basis	Proposed Sale Value		Proposed Sale Date	Address	APN	Lot Size		Current Zoning	Estimate of Current Value				Est. of Income/Revenue (Annual)
46	Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$ 160,000	\$ 156,000	Based on appraisal comparables	11/29/12	\$ 156,000		Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	13502 Lanning	100-381-01	7,800	R-1	\$ 156,000	\$0.00	N/A	No known environmental issues	N/A	Remnant parcels from street widening
47	Vacant Remnant			12/20/06	\$ 180,000	\$ 149,500			\$ 149,500			13501 Barnett	100-385-01	7,476		\$ 149,500	\$0.00	N/A			
48	Vacant Remnant			12/20/08	\$ 165,000	\$ 154,000			\$ 154,000			13502 Barnett	100-382-02	7,700		\$ 154,000	\$0.00	N/A			
49	Improved Remnant	To be sold for the benefit of the taxing entities		Unknown	Unknown	De Minimis	Undetermined	Undetermined	Undetermined		Project met goals and objectives of redevelopment project area plan - Housing	Landscaping	100-504-74	1,482	PUD (R-2)	De Minimis	\$0.00	N/A	No known environmental issues	N/A	PUC-113-86
50	Former Rail Road Right-of-Way	To be sold for the benefit of the taxing entities		Sep-91	\$ 363,328	\$ 522,720	Best estimate based on detrimental encroachments		\$ 522,720	See Note 5	Project met goals and objectives of redevelopment project area plan - Commercial/Economic Development	No Address (Chapman Ave)	133-091-45	69,696	Mixed-Use	\$ 522,720	\$2,400.00	N/A	No known environmental issues	Properties are a transit corridor via covenant	N/A
51				Sep-91	\$ 790,614	\$ 1,078,000			\$ 1,078,000			No Address (Bibby)	133-114-43	143,746		\$ 1,078,000		N/A			
52				Sep-91	\$ 87,445	\$ 119,242			\$ 119,242			No Address (Brookhurst St)	133-123-02	15,869		\$ 119,242		N/A			
53	Commercial Building/Smog Test	To be sold for the benefit of the taxing entities	The Agency will obtain valuation analyses/appraisals for these properties. The proceeds from the sales will be remitted to the Orange County Auditor Controller for distribution to the taxing entities. Refer to 5/29/13 cover letter for more information.	7/3/01	\$ 416,000	\$ 381,000	Based on appraisal for neighboring properties under development	4/21/10	\$ 381,000		Project met goals and objectives of redevelopment project area plan - Century Triangle Project.	13052 Century Blvd	099-091-15	10,880	Mixed Use (GG/Ut)	\$ 381,000	\$13,800.00	N/A	No known environmental issues	Parcel is located near Garden Grove Blvd, which is a major arterial street	Various residential and retail projects
54	Remnant Widening	To be sold for the benefit of the taxing entities		Unknown	Unknown	\$0.00	Undetermined	Undetermined	Undetermined		Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	Acacia Pkwy	089-201-32	677	Community Center Specific Plan	\$0.00	\$0.00	N/A	No known environmental issues per OCTA disclosure.	N/A	N/A
55	Vacant Lot (formerly Item 30)	To be sold for the benefit of the taxing entities		11/8/10	\$ 434,639	\$ 524,000	Based on an appraisal for comparable Harbor Blvd. properties.	7/9/12	TBD based on an appraisal		Property, adjacent to the Site B2 Hotel Project became available and was purchased for additional parking for the project as well as to provide an additional buffer between the project and the adjacent residential area.	12811 Thackery Dr.	231-471-23	6,530	R-1	\$ 524,000	\$0.00	N/A	No known environmental issues	N/A	N/A

* See Agency 2010-2014 Five-Year Implementation Plan included in the 5/29/13 LRPMP submittal.

1. Residual land value based on approved zoning and entitlements for a 600-room resort waterpark hotel. See 5/29/13 LRPMP cover letter.
 2. Residual land value based on mixed-use zoning and entitlements for up to 700 residential units and 100,000 square feet of retail space. See 5/26/13 LRPMP cover letter.
 3. Funding source for these acquisitions came from City-issued 2002 Certificates of Participation. No tax increment funds were used. See 5/29/13 LRPMP cover letter.
 4. Federal Community Development Block Grant (CDBG) funds were used by the Agency to acquire these properties. No tax increment funds were used.
 5. Residual land value based on zoning and entitlements for 700 full service hotel rooms. See 5/29/13 LRPMP cover letter.
 6. An RFP process will commence upon approval of the RPMP by the State Department of Finance.

Zimbra

gracel@ci.garden-grove.ca.us

Re: ROPS Amendment - Backup 1 of 3 for Item 53

From : Ann Bui <annb@ggcity.org>

Subject : Re: ROPS Amendment - Backup 1 of 3 for Item 53

To : Grace Lee <gracel@ggcity.org>

Wed, Sep 07, 2022 10:30 AM

Cc : Nancy Ramos <nancyr@ggcity.org>

 4 attachments

Hi Grace,

-The BLX invoice for FY21-22 was \$1,000. Janet Chung (who handles this agreement) is working on a new agreement with BLX. She suggested to increase it to \$1,200 as BLX is not sure of the cost. Will forward email to use as backup.

-For Fieldman, the cost for FY21-22 was \$742.50 (\$302.50+\$440) but it could be up to \$967 (1/6 of \$5800, per agreement). The cushion amount of \$300 is also for Fieldman for Special Event notice. Will forward email to use as backup.

- For US Bank, attached is the invoice of \$2,700 for FY21-22 but paid in FY22-23. The invoice for FY22-23 will be received in April 2023. I'll forward the email from Janet.

Thank you.

Ann Bui
x5066

From: "Grace Lee" <gracel@ggcity.org>

To: "Ann Bui" <annb@ggcity.org>

Cc: "Nancy Ramos" <nancyr@ggcity.org>

Sent: Wednesday, September 7, 2022 9:10:32 AM

Subject: Re: ROPS Amendment

Hi Ann,

Can you send me the invoices that reflect the fees below? I need to add it as backup material to my staff report.

Thank you.

Grace E. Kim
Office of Economic Development, AEDO
d: (714) 741-5130 | w: ggcity.org/econdev

From: "Grace Lee" <gracel@ggcity.org>

To: "Ann Bui" <annb@ggcity.org>

Cc: "Nancy Ramos" <nancyr@ggcity.org>

Sent: Thursday, September 1, 2022 2:38:44 PM

Subject: Re: ROPS Amendment

Hi Ann,

Okay will do, but my calculations show the following:

\$ 1,200.00	BLX
-------------	-----

\$ 967.00	Fieldman
\$ 2,700.00	US Bank
\$ 2,700.00	US Bank
\$ 300.00	Cushion
<u>\$ (4,100.00)</u>	
\$ 3,767.00	

Grace E. Kim
Office of Economic Development, AEDO
d: (714) 741-5130 | w: ggcity.org/econdev

From: "Ann Bui" <annb@ggcity.org>
To: "Grace Lee" <gracel@ggcity.org>
Cc: "Nancy Ramos" <nancyr@ggcity.org>
Sent: Thursday, September 1, 2022 2:26:29 PM
Subject: Re: ROPS Amendment

Hi Grace,

The CAC hasn't responded to my question but Nancy and I think it's best to include the US Bank Invoice of \$2,700 to ROPS 22-23 since we wired the payment on August 29, 2022.

So, the following Items need to be amended on ROPS 22-23:

- A. Item 54, we were short \$160 on ROPS 20-21 and ROPS 21-22. Not sure if we can request RPTTF for prior ROPS but we can try.
- B. Item 53, we need an additional \$3,567 for ROPS 22-23. See below for details.

	BLX \$ 1,200.00	
	Fieldman 967.00	estimate 1/6 of \$5,800
	US Bank 2,700.00	FY21-22 invoice
	US Bank 2,700.00	FY22-23 invoice
	Cushion 300.00	per event
ROPS 22-23 RPTTF already received	<u>(4,100.00)</u>	
Additional RPTTF needed	\$ 3,567.00	

I'm leaving now and I don't work on Fridays so please check with Nancy if you have any questions.

Thank you.

Ann Bui
x5066

From: "Grace Lee" <gracel@ggcity.org>
To: "Ann Bui" <annb@ggcity.org>
Cc: "Nancy Ramos" <nancyr@ggcity.org>, "Janet Chung" <janetc@ggcity.org>
Sent: Thursday, September 1, 2022 11:41:34 AM
Subject: Re: ROPS Amendment

Hi Ann,
Thank you for the update. City Council packets are due tomorrow Friday, September 2, 2022 for the 1st City Council Meeting in September.

Can I get all items by tomorrow 11 am?

Grace E. Kim
Office of Economic Development, AEDO
d: (714) 741-5130 | w: ggcity.org/econdev

From: "Ann Bui" <annb@ggcity.org>
To: "Grace Lee" <gracel@ggcity.org>
Cc: "Nancy Ramos" <nancyr@ggcity.org>, "Janet Chung" <janetc@ggcity.org>
Sent: Thursday, September 1, 2022 10:41:25 AM
Subject: ROPS Amendment

Hi Grace,
Are you still submitting the Agenda Item today?

I'm waiting for CAC to call me back to confirm whether they accept accrual payments. If they do, Nancy will post the \$2,700 invoice to FY21-22.

Janet Chung is also confirming with BLX and Fieldman for what they will bill for FY22-23.

As soon as I get the answers for the above items, I will provide you the amended amount to submit to DOF.


Let's hope we get the answers soon.

Thank you.

Ann Bui
x5066

 **US Bank Inv 6503746.pdf**
227 KB

 **Fieldman, Rolap & Assoc Inv 27076.pdf**
32 KB

 **BLX #42182-4334-101321.pdf**
69 KB

 **Applied Best Practice dba Fieldman, Rolap & Assoc Inv 26625.pdf**
36 KB

CITY OF GARDEN GROVE
GGFETN006 Transaction Listing
 From 07/01/2021 to 06/30/2022

JL Key(s): RP1107000

Report Generated on Aug 30, 2022 8:28:56 AM

Page 1

GL Organization Key	JL Organization Key	JL Key Description	GL Object and Description	Description	Reference	PO Number	Miscellaneous	Posting Date	Transaction Date	Set ID	PE ID	PE Name	Check Number	Transaction Type	Debit	Credit	Net Change	GL Subsystem	
8112421000	RP1107000	ROPS-KATELLA COTTAGE N/P	53152 - OTHER LOAN/ BOND FEES	US BANK BOND ADMIN SERV 08 VAN	6200743			09/15/2021	07/23/2021	OH016189	V01201	US BANK	00673977	ST	1,760.00	0.00	\$1,760.00	OH	
															JL Key: RP1107000 - Total	1,760.00	0.00	\$1,760.00	
															GL Object: 53152 - Total	1,760.00	0.00	\$1,760.00	
															GL Key: 8112421000 - Total	1,760.00	0.00	\$1,760.00	
Overall - Total																		\$1,760.00	



Corporate Trust Services
EP-MN-WN3L
60 Livingston Ave.
St. Paul, MN 55107

Invoice Number: 6200743
Account Number: 123610000
Invoice Date: 07/23/2021
Direct Inquiries To: LAUREN COSTALES
Phone: 213-615-6527

CITY OF GARDEN GROVE
ATTN FINANCE DIRECTOR
PO BOX 3070
GARDEN GROVE CA 92842-3070

GARDEN GROVE 08 VAN KAMPEN

The following is a statement of transactions pertaining to your account. For further information, please review the attached.

STATEMENT SUMMARY

PLEASE REMIT BOTTOM COUPON PORTION OF THIS PAGE WITH CHECK PAYMENT OF INVOICE.

TOTAL AMOUNT DUE \$1,760.00

All invoices are due upon receipt.

Please detach at perforation and return bottom portion of the statement with your check, payable to U.S. Bank.

GARDEN GROVE 08 VAN KAMPEN

Invoice Number: 6200743
Account Number: 123610000
Current Due: \$1,760.00

Direct Inquiries To: LAUREN COSTALES
Phone: 213-615-6527

Wire Instructions:
U.S. Bank
ABA # 091000022
Acct # 1-801-5013-5135
Trust Acct # 123610000
Invoice # 6200743
Attn: Fee Dept St. Paul

Please mail payments to:
U.S. Bank
CM-9690
PO BOX 70870
St. Paul, MN 55170-9690





Corporate Trust Services
 EP-MN-WN3L
 60 Livingston Ave.
 St. Paul, MN 55107

Invoice Number: 6200743
 Invoice Date: 07/23/2021
 Account Number: 123610000
 Direct Inquiries To: LAUREN COSTALES
 Phone: 213-615-6527

GARDEN GROVE 08 VAN KAMPEN

Accounts Included 123610000 123610001
 In This Relationship:

CURRENT CHARGES SUMMARIZED FOR ENTIRE RELATIONSHIP

Detail of Current Charges	Volume	Rate	Portion of Year	Total Fees
04200 Trustee	1.00	1,600.00	100.00%	\$1,600.00
Subtotal Administration Fees - In Advance 07/01/2021 - 06/30/2022				\$1,600.00
Incidental Expenses	1,600.00	0.10		\$160.00
Subtotal Incidental Expenses				\$160.00
TOTAL AMOUNT DUE				\$1,760.00



GARDEN GROVE SUCCESSOR AGENCY

RESOLUTION NO. 71-22

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE 22-23 B FOR THE PERIOD OF JANUARY 1, 2023 TO JUNE 30, 2023, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE OVERSIGHT BOARD AND THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85; AND, AUTHORIZING THE POSTING AND TRANSMITTAL OF THE ROPS

WHEREAS, the Garden Grove Agency for Community Development ("Former Agency") was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City"); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, the "Dissolution Law"); and

WHEREAS, as of February 1, 2012 the Former Agency was dissolved pursuant to the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by an oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance ("DOF"); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that beginning with the annual ROPS for the 16-17 fiscal period of July 1, 2016 to June 30, 2017 ("ROPS 16-17") inclusive, and for each period from July 1 to June 30, inclusive, thereafter, shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2016, and each February 1 thereafter; and

WHEREAS, Section 34177(E) provides that once per ROPS period, and no later than October 1, a Successor Agency may submit one amendment to the ROPS if the Oversight Board makes a finding that a revision is necessary for payment of approved enforceable obligations during the second one-half of the ROPS period defined as January 1 to June 30, inclusive. The Successor Agency may only amend the amount requested for payment of approved enforceable obligations; and

WHEREAS, pursuant to Sections 34179.6 and 34177(1)(2)(B), the Successor Agency is required to submit the ROPS to the DOF with copies to the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office at the same time that the Successor Agency submits the ROPS to the Oversight Board for review; and

WHEREAS, the Successor Agency has reviewed the draft Amended ROPS 22-23 B and desires to approve the Amended ROPS 22-23 B and to authorize the Successor Agency staff to transmit the Amended ROPS to the Oversight Board; and

WHEREAS, the Successor Agency staff is directed to post the Amended ROPS 22-23 B on the City/Successor Agency website: <https://ggcity.org/>

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. Pursuant to the Dissolution Law, the Successor Agency approves the Amended ROPS 22-23 B, which schedule is incorporated herein by this reference; provided however, that the Amended ROPS 22-23 B is approved subject to transmittal of the Amended ROPS to the Oversight Board for review and approval with copies of the Amended ROPS to be sent concurrently to the DOF, the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office. Further, the Community and Economic Development Director, or her designee, in consultation with legal counsel, is hereby authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Successor Agency and the Oversight Board.

Section 3. After approval by the Oversight Board, the Successor Agency authorizes transmittal of the approved Amended ROPS 22-23 B to the DOF, the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office.

Section 4. Community and Economic Development Director, or her designee, is directed to post this Resolution, including the Amended ROPS 22-23 B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

Approved and adopted this 13th day of September 2022.

ATTEST:

/s/ STEVE JONES
CHAIR

/s/ TERESA POMEROY
SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, Secretary of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was duly adopted by the Successor Agency, at a meeting held on the 13th day of September 2022, by the following vote:

AYES: MEMBERS: (6) BRIETIGAM, BUI, NGUYEN D.,
KLOPFENSTEIN, NGUYEN K., JONES
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (1) O'NEILL

/s/ TERESA POMEROY
SECRETARY

ATTACHMENT 1
to Successor Agency Resolution No. 71-22

AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE 22-23 B
FOR SIX-MONTH FISCAL PERIOD JANUARY 1, 2023 TO JUNE 30, 2023

(attached)

**Amended Recognized Obligation Payment Schedule (ROPS 22-23B) - Summary
Filed for the January 1, 2023 through June 30, 2023 Period**

Successor Agency: Garden Grove

County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 22-23B Authorized Amounts	ROPS 22-23B Requested Adjustments	ROPS 22-23B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 3,616,227	\$ 416,061	\$ 4,032,288
F RPTTF	3,505,036	416,061	3,921,097
G Administrative RPTTF	111,191	-	111,191
H Current Period Enforceable Obligations (A+E)	\$ 3,616,227	\$ 416,061	\$ 4,032,288

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/ _____
Signature Date

Garden Grove
Amended Recognized Obligation Payment Schedule (ROPS 22-23B) - ROPS Detail
January 1, 2023 through June 30, 2023

Item #	Project Name	Obligation Type	Total Outstanding Obligation	Authorized Amounts					Total	Requested Adjustments					Total	Notes	
				Fund Sources						Fund Sources							
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF			
			\$87,362,860	\$-	\$-	\$-	\$3,505,036	\$111,191	\$3,616,227	\$-	\$-	\$-	\$416,061	\$-	\$416,061		
6	Katella Cottages OPA	OPA/DDA/Construction	\$216,029	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
7	Katella Cottages Note	Bonds Issued On or Before 12/31/10	\$591,950	-	-	-	22,800	-	\$22,800	-	-	-	-	-	-	\$-	
16	Sycamore Walk DDA	Remediation	\$24,699	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
18	Housing Fund Deficit	SERAF/ERAF	\$5,054,260	-	-	-	1,000,000	-	\$1,000,000	-	-	-	-	-	-	\$-	
19	Waterpark Hotel DDA	Business Incentive Agreements	\$7,773,084	-	-	-	1,194,979	-	\$1,194,979	-	-	-	363,042	-	\$363,042		
20	Site B2 DDA	Business Incentive Agreements	\$2,557,140	-	-	-	56,000	-	\$56,000	-	-	-	4,167	-	\$4,167		
22	Brookhurst Triangle DDA	OPA/DDA/Construction	\$7,200,000	-	-	-	-	-	\$-	-	-	-	44,925	-	\$44,925		
24	Project Management for Item 20 - Site B2	Project Management Costs	\$122,668	-	-	-	33,091	-	\$33,091	-	-	-	-	-	-	\$-	
27	Agency Property Maint/Management	Property Maintenance	\$113,797	-	-	-	56,725	-	\$56,725	-	-	-	-	-	-	\$-	
31	Administrative Allowance	Admin Costs	\$3,244,458	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
33	Brookhurst Triangle DDA	Property Dispositions	\$1,790,971	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
34	Brookhurst Triangle DDA	Property Dispositions	\$1,490,971	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
37	Project Management for Item 22 - Brookhurst	Project Management Costs	\$85,668	-	-	-	33,091	-	\$33,091	-	-	-	-	-	-	\$-	
39	2014 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	\$17,448,525	-	-	-	380,750	-	\$380,750	-	-	-	-	-	-	\$-	
40	Limon Law Suit Settlement	Litigation	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
47	Appraisals(s)	Admin Costs	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
49	Limon Law Suit Settlement/Judgement	Litigation	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
50	Limon Law Suit Settlement/Judgement	Litigation	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
51	Housing Successor Administration	Admin Costs	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-	
52	Item 39 Trustee Fee (2014 TARB)	Fees	\$142,120	-	-	-	3,300	-	\$3,300	-	-	-	-	-	-	\$-	
53	Item 19 Trustee Fee (Waterpark Bond)	Fees	\$233,220	-	-	-	2,050	-	\$2,050	-	-	-	3,767	-	\$3,767		
54	Item 7 Trustee Fee (Katella Cottages Note)	Fees	\$12,800	-	-	-	-	-	\$-	-	-	-	160	-	\$160		
55	Successor Agency Legal Fees for Limon Litigation (Item 49 & 50)	Legal	\$50,000	-	-	-	25,000	-	\$25,000	-	-	-	-	-	-	\$-	
56	2016 Tax Allocation Bonds (for Waterpark Hotel, Item 19)	Bonds Issued After 12/31/10	\$39,210,500	-	-	-	697,250	-	\$697,250	-	-	-	-	-	-	\$-	

Item #	Project Name	Obligation Type	Total Outstanding Obligation	Authorized Amounts					Total	Requested Adjustments					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
58	Item 14 Dissemination Fees	Fees	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-	

Orange Countywide Oversight Board

Agenda Item No. 9a

Date: 9/20/2022

From: Successor Agency to the former Redevelopment Agency of the City of Santa Ana

Subject: Resolution of the Countywide Oversight Board Approving the Disposition Transfer of Certain Real Property to the City of Santa Ana and Taking Related Actions

Recommended Action:

Adopt a resolution directing the Successor Agency to the former Redevelopment Agency of the City of Santa Ana to the disposition transfer Real Property located at 915 North Flower Street (APN 005-142-58), 921 North Flower Street (APN 005-142-35), and 842 North Garnsey Street (APN 005-142-47) to the City of Santa Ana and taking related actions.

The Santa Ana Successor Agency requests that the Oversight Board adopt a Resolution (attachment) to approve the disposition transfer of vacant properties located at 915 North Flower Street (APN 005-142-58), 921 North Flower Street (APN 005-142-35), and 842 North Garnsey Street (APN 005-142-47) to the City of Santa Ana, in furtherance of its wind-down of the Former Agency's affairs, pursuant to HSC section 34181(a).

The properties are identified in the Successor Agency Long Range Management Plan (LRPMP) for disposition via sale to benefit the taxing agencies. In June 2022, the City acquired three properties adjacent to the three Successor Agency properties for park space. The newly acquired City properties (0.38 acres), combined with the Successor Agency properties (0.27 acres), would provide a new walkable 0.65-acre neighborhood park on 10th and Flower (attachment) and furthers the City's goal to provide parkland within a 10-minute walk for all residents, and three acres of parkland per 1,000 residents citywide.

The fair market value and purchase price was established as \$598,000 by an appraisal conducted on April 29, 2022 (attachment).

On September 6, 2022, the governing board of the Successor Agency and the City Council held a joint public hearing and approved the disposition transfer via a Successor Agency Resolution (attachment), a City Council Resolution (attachment), and a Purchase and Sale Agreement (attachment). The Successor Agency seeks the Oversight Board to 1) adopt a Resolution (attachment) to approve the transfer of certain Real Property to the City of Santa Ana pursuant to LRPMP, 2) authorize the Successor Agency Executive Director to execute all pertinent documents, and 3) authorize staff to transmit the approved Resolution and documents to the State Department of Finance.

Impact on Taxing Entities

Taxing entities will receive a distribution of \$598,000 generated by the sale of the properties. The distribution in the amount of \$598,000 will benefit the taxing entities.

Staff Contact(s)

Sylvia Vazquez, Economic Development Specialist II, 714-647-5445, svazquez@santa-ana.org

Attachments

- Oversight Board Resolution
- Location Map
- Appraisal Report
- Successor Agency Resolution
- City of Santa Ana Resolution
- Purchase and Sale Agreement

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
RESOLUTION NO. 22-035**

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA DIRECTING THE DISPOSITION AND TRANSFER OF PROPERTY LOCATED AT 915 NORTH FLOWER STREET (APN 005-142-58), 921 NORTH FLOWER STREET (APN 005-142-35), AND 842 NORTH GARNSEY STREET (APN 005-142-47) TO THE CITY OF SANTA ANA AND TAKING RELATED ACTIONS

WHEREAS, pursuant to AB X1 26 (enacted in June 2011 and amended from time to time, the “Dissolution Act”) and the California Supreme Court’s decision in California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011), all redevelopment agencies within the State of California, including the Community Redevelopment Agency of the City of Santa Ana (“Former Agency”), were dissolved; and

WHEREAS, on January 9, 2012, pursuant to section 34173 of the California Health and Safety Code (“HSC”), the City of Santa Ana (“City”) elected to serve as the Successor Agency to the dissolved Former Agency (“Successor Agency”); and

WHEREAS, the Successor Agency is tasked with winding down the Former Agency’s affairs; and pursuant to HSC section 34175(b), all assets, including real properties, of the Former Agency transferred to the control of the Successor Agency by operation of law; and

WHEREAS, the Former Agency acquired certain sites, delineated as follows: (i) 915 North Flower Street, APN 005-142-58; (ii) 921 North Flower Street, APN 005-142-35; and (iii) 842 North Garnsey Street, APN 005-142-47 (collectively referred to herein as the “Properties”); and

WHEREAS, the Properties are included in the Long Range Property Management Plan identified for disposition via sale for the benefit of taxing agencies, and the City believes that the Properties will be useful in pursuing the public purpose activities of the City, including park space; and

WHEREAS, accordingly, in furtherance of its wind-down of the Former Agency’s affairs, the Successor Agency desires to transfer the Properties to the City pursuant to HSC section 34181(a); and

WHEREAS, the fair market value and purchase price was established as \$598,000 by an appraisal conducted on April 29, 2022, and the City and the Successor Agency have reviewed the fair market value of the Properties, as aggregated, and have concluded that the value of such Properties are consistent with the purchase price as set forth in a “Purchase and Sale Agreement” (the “Agreement”); and

WHEREAS, on September 6, 2022, the governing board of the Successor Agency and the City Council held a joint public hearing on the proposed Agreement, at which time the City

Council and the Successor Agency reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, the Successor Agency has considered all of the terms and conditions of the proposed Agreement and believes that the sale of the Properties pursuant to the Agreement complies with the Oversight Board's direction to dispose of all assets and properties of the Former Agency pursuant to HSC section 34181(a), and in accord with the public purposes and provisions of applicable State and local laws and requirements; and

WHEREAS, the Successor Agency approved the Agreement via Resolution No. 2022-074 and the City approved the Agreement via Resolution No. 2022-074; and

WHEREAS, pursuant to HSC Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") has jurisdiction over the Successor Agency; and

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD;

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby authorizes and directs the Successor Agency to transfer of the Property to the City and authorizes the Successor Agency to execute and deliver a deed (the "Deed"), substantially in the form attached as Exhibit A, for such transfer.

Section 3. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

EXHIBIT A

DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

City of Santa Ana
20 Civic Center Plaza
Santa Ana, CA 92701
Attn: _____

APN: 005-142-35; 005-142-47; and 005-142-58 [Space above for recorder.]

EXEMPT FROM PAYMENT OF DOCUMENTARY
TRANSFER TAX (TRANSFER BETWEEN PUBLIC
AGENCIES)

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana (“Grantor”), hereby grants to the City of Santa Ana, a charter city and municipal corporation organized under the Constitution and laws of the State of California, that certain real property located in the County of Orange, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the “Property”), subject to existing easements, restrictions and covenants of record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 2022.

**SUCCESSOR AGENCY TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF SANTA ANA**

By: _____
Name: _____
Its: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

EXHIBIT A

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,

Described as a whole.

Containing 11955.8 square feet, more or less.

Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

All as shown on Exhibit B, attached hereto and by this reference made a part hereof.

Prepared by me, or under my direction on 7/30/2019.

John M. Gonzales

John M. Gonzales, PLS 9065



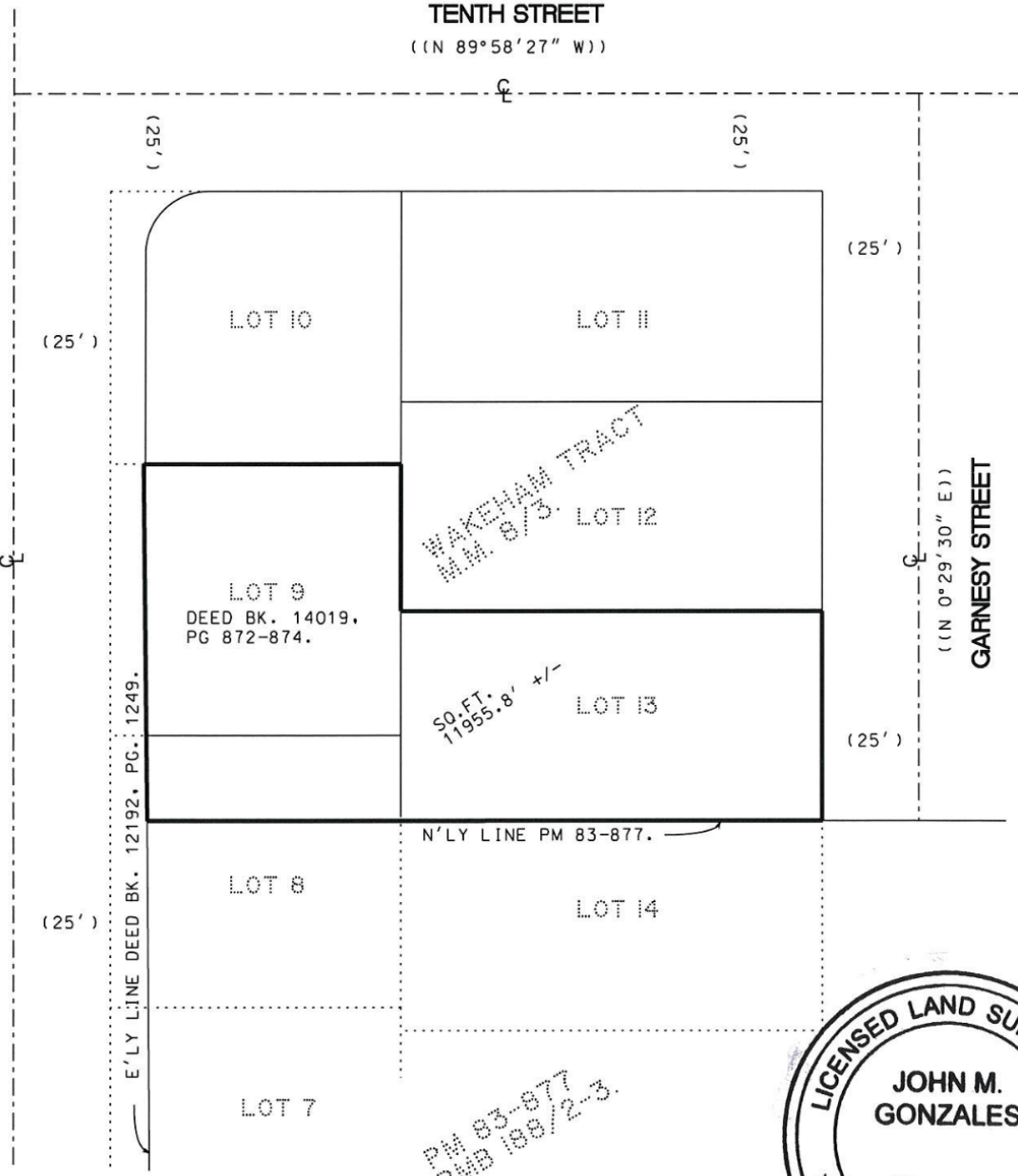
EXHIBIT 'B'
SKETCH TO ACCOMPANY LEGAL DESCRIPTION

TENTH STREET
 ((N 89°58'27" W))



FLOWER STREET
 ((N 0°29'55" E))

GARNESY STREET
 ((N 0°29'30" E))



NOTES:
 () = WAKEHAM TRACT, M.M. 8/3.
 (()) = PM 83-877, PMB. 188/2-3.

PM 83-877
 PMB 188/2-3.



John M. Gonzales

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed under the foregoing Grant Deed by the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana to the City of Santa Ana, a charter city and municipal corporation organized under the Constitution and laws of the State of California (“City”) as to the following property:

Real property in the City of Santa Ana, County of Orange, State of California, described as follows:

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,

Described as a whole. Containing 11955.8 square feet, more or less. Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

APN: 005-142-35; 005-142-47; and 005-142-58

is hereby accepted by the City Manager of the City on behalf of the City pursuant to authority conferred by action of the City Council of the City by Resolution No. 2022-074 of the City Council, and the City as grantee consents to recordation thereof by its duly authorized officer.

CITY OF SANTA ANA

Kristine Ridge
City Manager

ATTEST:

Clerk of the Council





APPROVED AS TO FORM:
Sonia R. Carvalho
City Attorney

By: _____
Ryan O. Hodge
Assistant City Attorney

LOCATION MAP



LEGEND

-  SUCCESSOR AGENCY PROPERTY
-  SUCCESSOR AGENCY PROPERTY LINES
-  CITY PROPERTY
-  CITY PROPERTY LINES



Restricted Appraisal Report

**City of Santa Ana Ownership
Parcel P3
APNs 005-142-35, -47, -58
915-921 N. Flower Street
& 842 N. Garnsey Street
Santa Ana, California**

**Effective Date of Appraisal:
April 29, 2022**

Hennessey & Hennessey LLC
17602 17th Street, Suite 102-246
Tustin, CA 92780-7915
(714) 730-0744
appraisals@h-hllc.com

HENNESSEY & HENNESSEY LLC

A California Limited Liability Company
Real Estate Appraisers

17602 17th Street, Suite 102- 246 • Tustin, California 92780-7915
(714) 730-0744 • e-mail: Appraisals@h-hllc.com

Sharon A. Hennessey, MAI, SR/WA, AI-GRS

Certified General Real Estate Appraiser

MAI Designated Member of the Appraisal Institute

AI-GRS Designated Member of the Appraisal Institute

Senior Member, International Right of Way Association

Joseph A. Hennessey, SR/WA (1928-2016)

Senior Member, International Right of Way Association

April 29, 2022

Sean Thomas, Senior Civil Engineer
City of Santa Ana - Public Works Agency
20 Civic Center Plaza (M-30)
Santa Ana, California 92702

RE: Restricted Appraisal Report covering
City of Santa Ana Ownership
Parcel P3
APNs 005-142-35, -47, -58
915-921 N. Flower Street & 842 N. Garnsey Street
Santa Ana, CA

At your request and authorization, herewith is submitted a Restricted Appraisal Report, as defined by the *Uniform Standards of Professional Appraisal Practice*, covering the above-referenced subject property. A Restricted Appraisal Report is appropriate in this instance because this report is for the client's use only.

The subject property is a ±11,955.8-square-foot (±0.27 acres) City-owned vacant lot.

The purpose of this appraisal is to create a baseline estimate to support negotiations with a potential buyer. The intended use of the appraisal is to provide our client, the City of Santa Ana, with the market value for the subject property for negotiation purposes. The intended users of this report are the employees and duly authorized representatives of the City of Santa Ana.

The effective date of the appraisal is April 29, 2022. The date of the report is April 29, 2022.

Opinion of Value

It is the Appraiser's opinion that the market value of the subject property as of the date of value, April 29, 2022, subject to the assumptions and limited conditions state herein, is:

Five Hundred Ninety Eight Thousand Dollars
\$598,000

The following analysis, opinions, and conclusion were developed in conformance with the *Uniform Standards of Professional Appraisal Practice (USPAP)* and the "Code of Professional Ethics" and the "Standards of Professional Practice" of the Appraisal Institute. Any data, reasoning, and analysis not discussed in this Restricted Appraisal Report have been retained in the Appraiser's work file.

HENNESSEY & HENNESSEY LLC

by Sharon A. Hennessey
Sharon A. Hennessey, MAI, SR/WA, AI-GRS
State of California AG003323

Requirements for Restricted Appraisal Reports

USPAP Standards Rule 2-2(b)

The following items are required to be included in a Restricted Appraisal Report:

- i. State the identity of the client, or if the client requested anonymity, state that the identity is withheld at the client's request but is retained in the appraiser's workfile;
- ii. State the identity of any other intended user(s) by name;
- iii. Clearly and conspicuously state a restriction that limits use of the report to the client and the named intended user(s);
- iv. Clearly and conspicuously warn that the report may not contain supporting rationale for all of the opinions and conclusions set forth in the report;
- v. State the intended use of the appraisal;
- vi. State information sufficient to identify the real estate involved in the appraisal;
- vii. State the real property interest appraised;
- viii. State the type of value and cite the source of its definition;
- ix. State the effective date of the appraisal and the date of the report;
- x. State the scope of work used to develop the appraisal;
- xi. State the extent of any significant real property appraisal assistance;
- xii. Provide sufficient information to indicate that the appraiser complied with the requirements of Standard 1 by:
 - 1) stating the appraisal methods and techniques employed;
 - 2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed;
 - 3) summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 1-5; and
 - 4) stating value opinion(s) and conclusion(s);
- xiii. State the use of the real estate existing as of the effective date and the use of the real estate reflected in the appraisal;
- xiv. When an opinion of the highest and best use was developed by the appraiser, state that opinion;
- xv. Clearly and conspicuously:
 - State all extraordinary assumptions and hypothetical conditions; and
 - State that their use might have affected the assigned results; and
- xvi. Include a signed certification in accordance with Standards Rule 2-3.

Preface

This is a Restricted Appraisal Report as defined in the *Uniform Standards of Professional Appraisal Practice* (USPAP). By prior agreement, the client has determined that a Restricted Appraisal Report is appropriate in this instance.

This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of USPAP for a Restricted Appraisal Report. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. Rather, only brief statements are presented. The supporting documentation concerning the data, reasoning, and analyses is retained in the Appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use of this report.

Per the legal description, the subject property is a $\pm 11,955.8$ -square-foot (± 0.27 acres) City-owned vacant lot. Only the Sales Comparison Approach was used to value the subject property. This approach was considered to be the most likely approach a potential purchaser of the subject property would use. The Income Capitalization Approach and the Cost Approach were not used, because this parcel is a vacant lot and these approaches are not pertinent in this instance.

Standards Rule 2-2(b) of USPAP specifies that a Restricted Appraisal Report address 16 specific issues. The following sections of this report are presented in a manner so as to comply with the 16 requirements that are specified on the previous page.

- i. State the identity of the client, or if the client requested anonymity, state that the identity is withheld at the client's request but is retained in the appraiser's workfile;

City of Santa Ana

- ii. State the identity of any other intended user(s) by name;

None

- iii. Clearly and conspicuously state a restriction that limits use of the report to the client and the named intended user(s);

The use of this report is limited to the client and intended user, City of Santa Ana. There is no other intended user.

- iv. Clearly and conspicuously warn that the report may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

This report is restricted in that it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. This report cannot be thoroughly understood without this information. This information has been retained in the Appraiser's file.

- v. State the intended use of the appraisal;

The intended use of this report is to establish the market value for the subject property as of the effective date of the appraisal. This report is to be used by the City of Santa Ana for negotiation purposes with a potential buyer.

vi. State information sufficient to identify the real estate involved in the appraisal;

Per the legal description, the subject property is a ±11,955.8-square-foot (±0.27 acres) City-owned vacant lot. It is located on the east side of North Flower Street and the west side of North Garnsey Street, south of 10th Street. The addresses of subject are 915-921 N. Flower Street and 842 N. Garnsey Street, Santa Ana, California. The subject comprises APNs 005-142-35, 005-142-47, 005-142-58.

vii. State the real property interest appraised;

The property rights being appraised are fee simple interest.

The Dictionary of Real Estate Appraisal, 7th Edition, published in 2022 by the Appraisal Institute defines “fee simple estate” on page 73 as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

The fee simple estate valued in this report is appraised as though free and clear of existing leases and all other encumbrances except those noted in the valuation section of this report.

viii. State the type of value and cite the source of its definition;

The purpose of this appraisal is to estimate the market value of the subject property.

Definition of Market Value

The Dictionary of Real Estate Appraisal, 7th Edition, published in 2022 by the Appraisal Institute defines “market value” on page 118 as follows:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

ix. State the effective date of the appraisal and the date of the report;

The effective date of the appraisal is April 29, 2022.

The date of the report is April 29, 2022.

x. State the scope of work used to develop the appraisal;

The scope of the appraisal is the extent of the process of collecting, confirming, analyzing, and reporting data. The following were completed for this assignment:

1. Accepted the assignment to make an objective appraisal of the subject property and to report the estimated market value.
2. Toured the general area by automobile to get acquainted with the extent, condition, and quality of nearby developments, sales and offerings, density and type of development, topographical features, economic conditions, and trends toward change.
3. Viewed the subject property to get acquainted with the current particular attributes or shortcomings of the subject property.
4. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
5. Photographed the subject property and the immediate environs.
6. Obtained from qualified sources calculations of the area of land contained within the subject property.
7. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property and the sale properties.
8. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
9. Searched public records for factual information regarding recent sales of the subject property, and for recent sales of comparable properties.
10. Viewed and confirmed, when possible, the sales price and other particulars pertaining to each comparable sale contained in this report.
11. Analyzed the data to arrive at a conclusion via the Sales Comparison Approach. This was the only applicable approach. The Cost Approach and the Income Capitalization Approach were not applicable, because the subject is a vacant site.
12. Reconciled the results of the analysis into an estimate of value.
13. Prepared and delivered this Restricted Appraisal Report.

xi. State the extent of any significant real property appraisal assistance;

Joseph Montano provided assistance in the preparation of the report with comparable sales collection and report preparation.

Land Sales Comparison Grid

Elements of Comparison	Subject	938 E. 2nd Street Santa Ana		4518 W. 1 st Street Santa Ana		5619 Ball Road Cypress		150 N. Myrtle Avenue Tustin		1916 S. Flower Street Santa Ana	
		Sale 1	Adj.	Sale 2	Adj.	Sale 3	Adj.	Sale 4	Adj.	Sale 5	Adj.
Zoning	P	SD-84 & M2	-	C5	-	CG	-	PO	-	C1	-
Traffic count	±17,000	NA	-	±28,000	-	±23,000	-	NA	-	±11,000	-
Transactional Adjustments											
Sale price	--	\$1,660,000	\$65.93	\$1,175,000	\$66.95	\$1,000,000	\$61.73	\$1,250,000	\$43.41	\$615,000	\$64.18
Property rights conveyed	--	fee simple	--	fee simple	--	fee simple	--	fee simple	--	fee simple	-
Financing	--	cash	--	cash	--	conventional	--	conventional	--	cash	-
Conditions of sale	--	market	--	market	--	market	--	market	--	market	-
Expenditures made immediately after purchase	--	none	--	none	--	none	--	none	--	none	--
Normalized sale price	--		\$65.93		\$66.95		\$61.73		\$43.41		\$64.18
Market conditions	--	1/22	+0.00	12/21	+0.00	12/21	+0.00	12/21	+0.00	9/20	+0.00
Adjusted sale price per SF	--		\$65.93		\$66.95		\$61.73		\$43.41		\$64.18
Property Characteristics											
Location	average	similar		similar		superior		similar		similar	
Site size (SF)	11,955.8	similar		similar		similar		similar		similar	
Visibility	fair	superior		superior		superior		inferior		similar	
Accessibility	average	superior		similar		similar		similar		similar	
Site condition	finished	similar		similar		similar		similar		similar	
Shape / corner influence	L-shaped / no	similar / superior		superior / similar		superior / similar		superior / similar		superior / similar	
Topography	level	similar		similar		similar		similar		similar	
Zoning	P (Professional)	slightly superior		slightly superior		slightly superior		similar		slightly superior	
Utilities	available	similar		similar		similar		similar		similar	
Overall comparison		superior		superior		superior		slightly inferior		superior	

- xii. Provide sufficient information to indicate that the appraiser complied with the requirements of Standard 1 by:
- 1) stating the appraisal methods and techniques employed;
 - 2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed;
 - 3) summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 1-5; and
 - 4) stating value opinion(s) and conclusion(s);

Appraisal Procedures

The Cost Approach and the Income Capitalization Approach were not used in this analysis, because the subject property is vacant land. The Sales Comparison Approach was used to value the subject property.

General - Subject Property

The subject property is a ±11,955.8-square-foot (±0.27 acres) City-owned vacant lot. The subject property has been owned by the City for more than 3 years. There are no known listings to sell, or offers to purchase, this property during this time frame.

The subject's General Plan land use designation is Professional and Administrative Office. It is zoned P, Professional, which permits such uses as professional, business and administrative office, medical and dental offices, pharmacies, art galleries, museums, and freestanding restaurants. A complete list of permitted uses is in the Appraiser's files.

Valuation - Subject Property

A search for comparable sales was conducted within the City of Santa Ana and then expanded to surrounding cities. The most relevant sales were used to arrive at the value conclusion. Price per square foot was used as the unit of comparison. The indicated value of the subject property is \$50.00 per square foot.

$$\begin{aligned} \$50.00/\text{SF} \times \pm 11,955.8 \text{ SF} &= \$597,790 \\ &\text{rounded to } \$598,000 \end{aligned}$$

Opinion of Value

It is the Appraiser's opinion that the market value of the subject property as of the date of value, April 29, 2022, subject to the assumptions and limited conditions stated herein, is:

Five Hundred Ninety Eight Thousand Dollars
\$598,000

Exposure Time

Exposure time is the amount of time necessary to expose a property in the open market to achieve a sale at the "as is" value conclusion, as of the date of the "as is" value. A reasonable exposure time for the subject property is estimated to be between 6 and 24 months.

File Information

As previously stated, this is a Restricted Appraisal Report; therefore, details of the comparable sales and the valuation analyses that have not been included in this report have been retained in the Appraiser's work files.

- xiii. State the use of the real estate existing as of the effective date and the use of the real estate reflected in the appraisal;

The subject property is vacant land.

- xiv. When an opinion of the highest and best use was developed by the appraiser, state that opinion;

The conclusion of the highest and best use is based on consideration of those uses that are physically possible, legally permitted, and financially feasible. It is further limited by the use or uses that are maximally productive. After considering these factors, the highest and best use of the subject property is a medical/office development when market conditions support development.

- xv. Clearly and conspicuously:

- State all extraordinary assumptions and hypothetical conditions; and
- State that their use might have affected the assigned results; and

The value conclusion is subject to the following hypothetical condition that may affect assignment results:

- None

Hypothetical conditions are contrary to known facts about the physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The value conclusion is subject to the following extraordinary assumption that may affect assignment results:

- None

An extraordinary assumption is uncertain information accepted as fact. If an extraordinary assumption is found to be false as of the effective date of the appraisal, I reserve the right to modify my value conclusions.

- xvi. Include a signed certification in accordance with Standards Rule 2-3.

Please see the following page for the signed certification.

Certification

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed services as an appraiser regarding the property that is the subject of this report within the 3-year period immediately preceding the agreement to perform this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- Joseph Montano provided significant real property appraisal assistance to the person signing this certification.
- the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

HENNESSEY & HENNESSEY LLC

by Sharon A. Hennessey
Sharon A. Hennessey, MAI, SR/WA, AI-GRS
State of California AG003323

Dated: April 29, 2022

Appendix

Assumptions and Limiting Conditions

Standards Rule (S.R.) 2-1 of the *Standards of Professional Appraisal Practice* of the Appraisal Institute requires the appraiser to “clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the appraisal and indicate its impact on value.” In compliance with S.R. 2-1, and to assist the reader in interpreting this report, such Assumptions and Limiting Conditions are set forth as follows:

1. *This report is restricted in that it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. This report cannot be thoroughly understood without this information. This information has been retained in the appraiser’s file.*
2. ***The global outbreak of novel coronavirus disease known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen events subsequent to the effective date of the appraisal.***
3. The appraiser assumes no responsibility for hidden or unapparent conditions of the property, subsoil, groundwater, or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic, or environmental studies that may be required to discover such hidden or unapparent conditions.
4. Hennessey & Hennessey LLC’s liability is limited to the amount of the fee. The firm and the appraiser preparing the report are not responsible for erroneous information provided by others. There is no accountability or liability to a third party.
5. The contract for appraisal, consultation, or analytical services is fulfilled and the total fee is due upon completion of the report. The appraiser or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal in full or in part, nor will they be asked or required to engage in post-appraisal consultation with client or third parties except under separate and special arrangements made a reasonable time in advance and at an additional fee for time and expenses.
6. The client shall notify the appraiser of any error, omission, or invalid data herein within 10 days of receipt and return the report, along with all copies, to the appraiser for corrections prior to any use whatsoever.
7. Neither the appraiser’s name nor this report may be used in connection with any financing plans that would be classified as a public offering under state or federal security laws.
8. Unless otherwise stated, the subject property is appraised assuming it to be in full compliance with all applicable zoning and land use regulations and restrictions. The property is appraised assuming that all required licenses, permits, certificates, consents, or other legislative and/or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to the size and area of the subject property was taken from information provided by the City of Santa Ana, and no encroachment of the subject property is considered to exist.
10. In preparing this report, the appraiser was required to rely on information furnished by other individuals or found in existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either expressed or implied, is given by the appraiser for the accuracy of such information, and the appraiser assumes no responsibility

for information relied upon later found to have been inaccurate. The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

11. Maps, plats, and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.
12. The appraiser has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous, and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the appraiser did not become aware of the presence of any such material or substance during the inspection of the subject property. However, the appraiser is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the value of the subject property. The value estimated in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a loss in value. The appraiser assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state, and local environmental laws, regulations, and rules.
13. No opinion as to the title of the subject property is rendered. Data related to ownership and legal description was obtained from the City of Santa Ana and is considered reliable. Title is assumed to be marketable and free and clear from any encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.
14. Possession of this report, or a copy of it, does not carry with it the right of publication. This report may not be used for any purposes by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with properly written qualification and only in its entirety. In particular, it may not be referred to in any report or financial statement or in any documents filed with a governmental agency without prior written consent of the appraiser.
15. The Regulations and Bylaws of the Appraisal Institute require each member and/or candidate to control the use and distribution of each appraisal by such member or candidate. Therefore, except as may hereinafter be provided, the party for whom this appraisal was prepared may distribute copies of this appraisal, in its entirety, to such third parties as may be selected by the party for whom this appraisal was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatory of this appraisal.
16. Further, neither all nor any part of this appraisal shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatory of this appraisal.
17. The appraiser assumes no responsibility for hidden defects or non-conformity with specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, unless inspections by qualified independent professionals or governmental agencies were provided to the appraiser. Further, the appraiser is not a licensed engineer or architect and assumes no responsibility for structural deficiencies not apparent to the appraiser at the time of inspection.

Exhibit A - Legal Description

EXHIBIT A

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,


Described as a whole.

Containing 11955.8 square feet, more or less.

Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

All as shown on Exhibit B, attached hereto and by this reference made a part hereof.

Prepared by me, or under my direction on 7/30/2019.



John M. Gonzales, PLS 9065



HENNESSEY & HENNESSEY LLC

A California Limited Liability Company
Real Estate Appraisers

17602 17th Street, Suite 102-246 • Tustin, California 92780-7915
(714) 730-0744 • e-mail: Appraisals@h-hllc.com

Sharon A. Hennessey, MAI, SR/WA, AI-GRS

Certified General Real Estate Appraiser

MAI Designated Member of the Appraisal Institute

AI-GRS Designated Member of the Appraisal Institute

Senior Member, International Right of Way Association

Joseph A. Hennessey, SR/WA (1928-2016)

Senior Member, International Right of Way Association

Qualifications of Sharon A. Hennessey, MAI, SR/WA, AI-GRS

Experience

1984 to present Hennessey & Hennessey LLC, Independent Fee Appraiser - Appraise vacant land, commercial, industrial, residential, rights of way, and special purpose properties for governmental agencies, corporations, law firms, and private parties.

License

Certified General Real Estate Appraiser, State of California License No. AG 003323

Expert Witness

Qualified as an expert witness in the Orange County Superior Court

Professional Affiliations

MAI Designated Member of the Appraisal Institute, Certificate No. 11108
AI-GRS Designated Member of the Appraisal Institute
Senior Member of the International Right of Way Association, Registration Number 3975
President of Chapter 67 International Right of Way Association, 1990
International Director of Chapter 67, International Right of Way Association, 1991
Membership Chairman, International Right of Way Association, 1992 and 1993
Hospitality Chairman, Southern California Chapter Appraisal Institute, 1993 and 1994, 1995, 1996, and 1997
Co-Education Chairman, Southern California Chapter Appraisal Institute, 1998, 1999, 2000, 2001

Education

Bachelor of Arts - University of California, Berkeley
Currently meets the education requirements of the Bureau of Real Estate Appraisers, the Appraisal Institute, and the International Right of Way Association
Partial List of Continuing Education:

Appraisal Institute	
USPAP - 1986, 1993, 2000, 2004, 2006, 2008, 2012, 2010, 2014, 2016, 2018, 2020	Highest & Best Use and Market Analysis - 1996
Business Practice and Ethics - 2011, 2015	Advanced Applications - 1996
Federal and California Statutory and Regulatory Law - 2015, 2017	The Appraisers Complete Review - 1996
Review Theory - General - 2014	Advanced Income Capitalization - 1993
Complex Litigation Case Studies - 2013	Report Writing and Valuation Analysis - 1989
Litigation Appraising: Specialized Topics and Applications - 2013	Case Studies in Real Estate Valuation - 1988
The Appraiser as an Expert Witness - 2000, 2013	Capitalization Theory & Techniques, Parts A and B - 1987
Valuation of Detrimental Conditions - 2011	Real Estate Appraisal Principles - 1985
Appraisal Curriculum Overview - 2010	Basic Valuation Procedures - 1985
Hotel/Motel Valuation - 1997	
International Right of Way Association	
403 Easement Valuation - 1990, 2013	101 Principles of Real Estate Acquisition - 1989
104 Standards of Practice for the Right of Way Professional - 2012	401 Appraisal of Partial Acquisitions - 1988
103 Ethics and the Right of Way Profession - 1992, 2004, 2008	901 Interpreting Engineering Drawings - 1986
206 Presentation Skills - 1992	902 Property Descriptions - 1986
203 Communications in Real Estate Acquisition - 1991	801 Land Titles - 1986
214 Skills of Expert Testimony - 1990	

Representative Clients - Partial Listing

Attorneys and Law Firms

Best Best & Krieger LLP	Lillick, McHose & Charles	Parker & Covert
Bowie, Arneson, Kadi & Dixon	Lozano Smith	Redwine & Sherrill
Dreyfuss, Ryan, Weifenbach	Meserve, Mumper & Hughes	Richard L. Riemer, Law Offices of
Durst & Landeros	Marjorie Mize Le Gaye, Esq.	Rutan & Tucker
Fullerton, Lemann, Schaefer &	Nichols, Stead, Boileau & Kostoff	Sheppard, Muller, Richter & Hampton
Dominick	Oliver, Vose, Sandifer, Murphy & Lee	Wilson, Elser, Moskowitz, Edelman &
Jones & Mayer	Palmieri, Tyler, Wiener, Wilhelm &	Dicker
Kindel & Anderson	Waldron	Woodruff, Spradlin & Smart

Corporate Clients

Associated Right of Way Services, Inc.	HDR Engineering	Overland Resources	Rockwell International
Brother International	Hoag Foundation	Pacific Bell (SBC)	Sisters of the Sacred Heart
California Property Specialists Inc.	Hughes Aircraft Company	Pacific Relocation Consultants	Southern California Edison
Continental Development Corp.	Kaiser Foundation Health Plan, Inc.	Paragon Partners	Tetra Tech, Inc.
Cutler & Associates	Metzger & Associates, Inc.	Poseidon Resources	Universal Field Services
DGA Consultants	NBS/Lowry Engineers	Psomas	Western Industrial Properties, Inc.
Diocese of Orange	Overland, Pacific & Cutler, LLC	Robert Bein, William Frost & Associates	Willdan Associates

Individual Clients

Leo Beus	Genji Kawamura	Rita M. Loosemore	John P. Sheffield
Carl Brandstetter	Kawamura Family Trust	Kim Vu Nguyen	Yoram S. Shily
Candace Campbell	William E. Kibbie	Steven H. Price	Carl Stevens
Samuel B. Corliss, Jr.	Paul Kiely	Constance C. Quarré	Katherine E. Thompson
Thomas W. Cosgrove	Sang Moon Kim	Jean L. Roane	Tustin Village Community Association
Harbor Pine Creek Homeowners Assoc.	James Kindel Jr.	E.O. Rodeffer	Charles E. Wheeler
John Iloulian	Dorothy E. Lamb	Larry L. Root	Erv Yoder
	Andrea Lombard	Dwight C. Schroeder	

Public Entities

County of Orange	City of Riverside	Magnolia School District	Caltrans
City of Anaheim	City of Santa Ana	Orange Unified School District	Eastern Transportation Corridor
City of Corona	City of Torrance	Pajaro Valley Unified School District	Orange County Transportation Authority
City of Costa Mesa	City of Upland	Tustin Unified School District	Riverside Transit Agency
City of Fullerton	Charter Oak Unified School District	Walnut Valley Unified School District	Riverside County Flood Control and Water Conservation District
City of Garden Grove	Chino Unified School District	Mesa Consolidated Water District	Riverside County Transportation Commission
City of Glendale	Corona-Norco Unified School District	Murrieta County Water District	San Bernardino County Transportation Authority (formerly SANBAG)
City of Huntington Beach	Covina-Valley Unified School District	Trabuco Canyon Water District	
City of Laguna Niguel	Cucamonga School District	California High-Speed Rail Authority	
City of Lake Forest	Eastern Municipal Water District		
City of Mission Viejo	Fullerton Joint Union High School District		
City of Ontario			
City of Pasadena			
City of Pico Rivera			
City of Pomona			

SUCCESSOR AGENCY RESOLUTION NO. 2022-002

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA APPROVING THE PURCHASE AND SALE AGREEMENT FOR THE DISPOSITION OF PROPERTY TO THE CITY OF SANTA ANA LOCATED AT 915 NORTH FLOWER STREET, 921 NORTH FLOWER STREET, AND 842 NORTH GARNSEY STREET

BE IT RESOLVED BY THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA AS FOLLOWS:

Section 1: The Governing Board of the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana hereby finds, determines and declares as follows:

- A. Pursuant to AB X1 26 (enacted in June 2011 and amended from time to time, the "Dissolution Act") and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), all redevelopment agencies within the State of California, including the Community Redevelopment Agency of the City of Santa Ana ("Former Agency"), were dissolved.
- B. On January 9, 2012, pursuant to section 34173 of the California Health and Safety Code ("HSC"), the City of Santa Ana ("City") elected to serve as the Successor Agency to the dissolved Former Agency ("Successor Agency").
- C. The Successor Agency is tasked with winding down the Former Agency's affairs.
- D. Pursuant to HSC section 34175(b), all assets, including real properties, of the Former Agency transferred to the control of the Successor Agency by operation of law.
- E. The Former Agency acquired certain sites, delineated as follows: (i) 915 North Flower Street, APN 005-142-58; (ii) 921 North Flower Street, APN 005-142-35; and (iii) 842 North Garnsey Street, APN 005-142-47 (collectively referred to herein as the "Properties").
- F. The Properties are not suitable for use by the Successor Agency. However, the City believes that the Properties will be useful in pursuing the public purpose activities of the City, including park space.

- G. Accordingly, in furtherance of its wind-down of the Former Agency's affairs, the Successor Agency desires to transfer the Properties to the City pursuant to HSC section 34181(a).
- H. The City and the Successor Agency have reviewed the fair market value of the Properties, as aggregated, and have concluded that the value of such Properties are consistent with the purchase price as set forth in the draft "Purchase and Sale Agreement" in the form submitted to the City and the Successor Agency concurrently herewith (the "Agreement").
- I. The fair market value and purchase price was established as \$598,000 by an appraisal conducted on April 29, 2022.
- J. A joint public hearing of the Successor Agency and City Council on the proposed Agreement was duly noticed in accordance with HSC sections 33431.
- K. On September 6, 2022, the governing board of the Successor Agency and the City Council held a joint public hearing on the proposed Agreement, at which time the City Council and the Successor Agency reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing.
- L. All actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner.
- M. The Successor Agency has reviewed the staff report in connection with this matter and has evaluated other information provided to it pertaining to the findings proposed to be made hereunder.
- N. The Successor Agency has considered all of the terms and conditions of the proposed Agreement and believes that the sale of the Properties pursuant to the Agreement complies with the Oversight Board's direction to dispose of all assets and properties of the Former Agency pursuant to HSC section 34181(a), and in accord with the public purposes and provisions of applicable State and local laws and requirements.

Section 2. The Successor Agency hereby finds and determines that the disposition by sale of the Properties by the Successor Agency to the City pursuant to the Agreement will further the achievement of the Successor Agency's purpose of winding down the Former Agency's affairs in compliance with the Oversight Board's direction to dispose of all assets and properties of the Former Agency pursuant to HSC section 34181(a).

Section 3. The Successor Agency finds and determines that, based upon substantial evidence provided in the record, the consideration for the Successor

Agency's sale of the Properties to the City pursuant to the terms and conditions of the Agreement is not less than the fair market value of the Properties.

Section 4. The Successor Agency hereby approves the Agreement in substantially the form presented to the Successor Agency, subject to such revisions as may be made by the Executive Director of the Successor Agency, or designee. The Executive Director of the Successor Agency is hereby authorized to execute the Agreement, as so revised (including without limitation all attachments thereto), on behalf of the Successor Agency, together with any instruments necessary or convenient to implement the Agreement. A copy of the Agreement shall, when executed by the Successor Agency, be placed on file in the Office of the Secretary of the Successor Agency.

Section 5. The Executive Director of the Successor Agency, or designee, is hereby authorized, on behalf of the Successor Agency, to make revisions to the Agreement that do not materially or substantially increase the Successor Agency's obligations thereunder or materially or substantially change the uses or development permitted on the Properties, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the Successor Agency's obligations, responsibilities and duties to be performed under the Agreement and related documents.

ADOPTED this 6th day of September, 2022.



Vicente Sarmiento
Mayor

APPROVED AS TO FORM:
Sonia R. Carvalho, City Attorney

By: 

Ryan O. Hodge
Assistant City Attorney

AYES: Councilmembers Hernandez, Lopez, Mendoza, Penaloza, Phan, Bacerra, Sarmiento (7)

NOES: Councilmembers None (0)

ABSTAIN: Councilmembers None (0)

NOT PRESENT: Councilmembers None (0)

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Secretary of the Successor Agency, do hereby attest to and certify the attached Resolution No. 2022-002 to be the original resolution adopted by the Governing Board of the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana on September 6, 2022.

Date: 9/8/22

N. A. Ojeda
for Recording Secretary
City of Santa Ana

RESOLUTION NO. 2022-074

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA APPROVING THE PURCHASE AND SALE AGREEMENT FOR THE ACQUISITION OF PROPERTY FROM THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA LOCATED AT 915 NORTH FLOWER STREET, 921 NORTH FLOWER STREET, AND 842 NORTH GARNSEY STREET

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA ANA AS FOLLOWS:

Section 1: The City Council of the City of Santa Ana hereby finds, determines and declares as follows:

- A. Pursuant to AB X1 26 (enacted in June 2011 and amended from time to time, the "Dissolution Act") and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), all redevelopment agencies within the State of California, including the Community Redevelopment Agency of the City of Santa Ana ("Former Agency"), were dissolved.
- B. On January 9, 2012, pursuant to section 34173 of the California Health and Safety Code ("HSC"), the City of Santa Ana ("City") elected to serve as the Successor Agency to the dissolved Former Agency ("Successor Agency").
- C. The Successor Agency is tasked with winding down the Former Agency's affairs.
- D. Pursuant to HSC section 34175(b), all assets, including real properties, of the Former Agency transferred to the control of the Successor Agency by operation of law.
- E. The Former Agency acquired certain sites, delineated as follows: (i) 915 North Flower Street, APN 005-142-58; (ii) 921 North Flower Street, APN 005-142-35; and (iii) 842 North Garnsey Street, APN 005-142-47 (collectively referred to herein as the "Properties").
- F. The Properties are not suitable for use by the Successor Agency. However, the City believes that the Properties will be useful in pursuing the public purpose activities of the City, including park space.
- G. Accordingly, in furtherance of its wind-down of the Former Agency's affairs, the Successor Agency desires to transfer the Properties to the City pursuant to HSC section 34181(a).

- H. The City and the Successor Agency have reviewed the fair market value of the Properties, as aggregated, and have concluded that the value of such Properties are consistent with the purchase price as set forth in the draft "Purchase and Sale Agreement" in the form submitted to the City and the Successor Agency concurrently herewith (the "Agreement").
- I. The fair market value and purchase price was established as \$598,000 by an appraisal conducted on April 29, 2022.
- J. A joint public hearing of the Successor Agency and City Council on the proposed Agreement was duly noticed in accordance with HSC sections 33431.
- K. On September 6, 2022, the governing board of the Successor Agency and the City Council held a joint public hearing on the proposed Agreement, at which time the City Council and the Successor Agency reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing.
- L. All actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner.
- M. The City Council has reviewed the staff report in connection with this matter and has evaluated other information provided to it pertaining to the findings proposed to be made hereunder.
- N. The City Council has considered all of the terms and conditions of the proposed Agreement and believes that the sale of the Properties pursuant to the Agreement is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local laws and requirements.

Section 2. The City Council hereby finds and determines that the disposition by sale of the Properties by the Successor Agency to the City pursuant to the Agreement will further the achievement of the City's public purposes by making property available for use by the City for park space.

Section 3. The City Council finds and determines that, based upon substantial evidence provided in the record, the consideration for the Successor Agency's sale of the Properties to the City pursuant to the terms and conditions of the Agreement is not less than the fair market value of the Properties.

Section 4. The City Council hereby approves the Agreement in substantially the form presented to the City Council, subject to such revisions as may be made by the City Manager, or designee. The City Manager is hereby authorized to execute the Agreement, as so revised (including without limitation all attachments thereto), on behalf

of the City, together with any instruments necessary or convenient to implement the Agreement. A copy of the Agreement shall, when executed by the City, be placed on file in the Office of the Clerk of the Council.

Section 5. The City Manager, or designee, is hereby authorized, on behalf of the City, to make revisions to the Agreement that do not materially or substantially increase the City's obligations thereunder or materially or substantially change the uses or development permitted on the Properties, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the City's obligations, responsibilities and duties to be performed under the Agreement and related documents.

ADOPTED this 6th day of September, 2022.

Vicente Sarmiento
Mayor

APPROVED AS TO FORM:
Sonia R. Carvalho, City Attorney

By:

Ryan O. Hodge
Assistant City Attorney

AYES:	Councilmembers	<u>Hernandez, Lopez, Mendoza, Penaloza, Phan, Bacerra, Sarmiento (7)</u>
NOES:	Councilmembers	<u>None (0)</u>
ABSTAIN:	Councilmembers	<u>None (0)</u>
NOT PRESENT:	Councilmembers	<u>None (0)</u>

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Clerk of the Council, do hereby attest to and certify the attached Resolution No. 2022-074 to be the original Resolution adopted by the City Council of the City of Santa Ana on September 6, 2022.

Date: 9/8/22

N. A. O.
for Clerk of the Council
City of Santa Ana

PURCHASE AND SALE AGREEMENT

SELLER: Successor Agency to the Former Community
Redevelopment Agency of the City of Santa
Ana

BUYER: City of Santa Ana

DATED: September 6, 2022

**(915 N. Flower Street, APN 005-142-58;
921 N. Flower Street, APN 005-142-35;
and 842 N. Garnsey Street, APN 005-142-47)**

BASIC TERMS

Buyer: City of Santa Ana, a charter city and municipal corporation organized under the Constitution and laws of the State of California

Buyer's Address: City of Santa Ana
Attention: Clerk of the Council
20 Civic Center Plaza
Santa Ana, CA 92701
Tel. (714) 647-6520

Closing Date (or Closing): Estimated to occur by November 1, 2022, but not later than the Outside Date

Contingency Date: Sixty (60) days after the Effective Date

Deed: A grant deed in the form of Exhibit B hereto

Effective Date: September 6, 2022

Outside Date: 60 days after Oversight Board and Department of Finance Approval

Oversight Board: The Oversight Board to the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana approval is a condition of closing

Purchase Price: Five-Hundred and Ninety-Eight Thousand Dollars (\$598,000)

Real Property: That property described in Exhibit A hereto; the subject property consists of: (i) 915 North Flower Street, APN 005-142-58; (ii) 921 North Flower Street, APN 005-142-37; and (iii) 842 North Garnsey, APN 005-142-47

Seller: Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana

Seller's Address: 20 Civic Center Plaza
Santa Ana, California 92701
Attention: Director of Community Development Agency
Tel. (714) 647-5360

Title Company: First American Title Insurance Company
5 First American Way
Santa Ana, CA 92707
Tel: (714) ___ - ___
Attention: _____, _____
(direct: (714) ___ - ___; email: _____@firstam.com)
(or another title insurer mutually acceptable to Buyer and Seller)

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (“Agreement”) is made and entered into as of the Effective Date by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of that real property which is legally described on Exhibit A attached hereto and made a part hereof (the “Real Property”). The Real Property is unimproved and unoccupied vacant lots.

B. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined collectively as the following:

(a) The fee interest in the Real Property to be conveyed by the Deed (defined in Section 8(a) below);

(b) All rights, privileges, easements, licenses and interests appurtenant to the Real Property. Such rights shall be deemed to include, without limitation, all royalties, minerals, oil and gas rights and profits, water and water rights (whether or not appurtenant) owned by Seller; and

(c) All personal property, equipment, supplies, and fixtures owned by Seller and located at the Real Property; and

(d) All of Seller’s interest under contracts, leases, and other agreements associated with the Real Property, subject to a power of termination as set forth in the Deed.

2. Payment of Consideration. As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price of Five-Hundred and Ninety-Eight Thousand Dollars (\$598,000) for the Real Property.

3. Closing without Escrow.

(a) Closing without use of Escrow. At the election of Seller, the parties will effect the conveyance of the Property and payment of the Purchase Price without use of an escrow holder provided that: (i) Seller confirms to Buyer that Seller agrees that the Deed may be recorded among the official records of the County Recorder of the County of Orange after Buyer confirms to Seller that Buyer holds moneys equal to the Purchase Price and will transfer such moneys to City within one (1) business day after the Deed is recorded, and (ii) Seller confirms to Buyer that the Title Company

has committed to issue the “Buyer’s Title Policy” (as described in Section 6 hereof) in a form and subject only to exceptions that are acceptable to Buyer.

(b) Closing. For purposes of this Agreement, the “Closing” or “Closing Date” shall be the date the Deed (as defined below) is recorded pursuant to applicable law in the county in which the Real Property is located. Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. Seller’s Delivery of Real Property and Formation Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, the Property Documents”):

(a) Copies of tax bills.

(b) Such proof of Sellers’ authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company consistent with the terms of this Agreement.

5. Buyer’s Right of Entry. From and after the Effective Date through the earlier to occur of the termination of this Agreement or the Closing, Buyer and Buyer’s employees, agents, consultants and contractors shall have the right to enter upon the Real Property during normal business hours, provided reasonable prior notice has been given to Seller.

(a) Investigation of the Real Property. In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, prior to the Contingency Date, to engage its own environmental consultant (the “Environmental Consultant”) to make such investigations as Buyer deems necessary or appropriate, including any “Phase 1” or “Phase 2” investigations of the Real Property. If, based upon such evaluation, inspections, tests or investigation, Buyer determines that it, in its discretion, does not wish to proceed with purchase of the Real Property based upon the condition of the Real Property, Buyer may cancel this Agreement by giving written notice of termination to Seller on or before the Contingency Date which specifically references this Section 5. If Buyer does not cancel this Agreement by the time allowed under this Section 5, Buyer shall be deemed to have approved the evaluation, inspections and tests as provided herein and to have elected to proceed with this transaction on the terms and conditions of this Agreement. Buyer shall be provided a copy of all reports and test results provided by Buyer’s Environmental Consultant promptly after receipt by the Buyer of any such reports and test results.

Buyer shall bear all costs, if any, associated with restoring the Real Property to the condition prior to its testing by or on behalf of Buyer if requested to so do by Seller.

(b) No Warranties as To the Real Property. The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an “as is” condition, with no warranty expressed or implied by Seller, including without limitation, the presence of

Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Real Property for development purposes.

(c) Buyer Precautions after Closing. Upon and after the Closing, Buyer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Real Property. Such precautions shall include compliance with all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Real Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Real Property (“Governmental Requirements”) with respect to “Hazardous Materials”, as defined below.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903) or (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 et seq.

6. Buyer’s Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer’s obligation to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Contingencies”), which are for Buyer’s benefit only.

(i) Title Review. Within ten (10) calendar days after the Date of Agreement, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the “Report”) describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the “Exceptions”) set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Report shall include an endorsement against the effect of any mechanics’ liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. On or before the Contingency Date, Buyer shall have approved in writing, in Buyer’s sole discretion, any matters of title disclosed by the following (collectively, the “Title Documents”): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Real Property and (iv) any survey Buyer desires to obtain at Buyer’s sole cost and expense. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by

Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

(ii) Buyer's Title Policy. On or before the Closing, the Title Company shall, upon payment (by Buyer) of the Title Company's premium, have agreed to issue to Buyer, a CLTA owner's policy of title insurance ("Buyer's Title Policy") in the amount of the Purchase Price showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a CLTA policy; provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

(iii) Physical and Legal Inspections and Studies. On or before the Contingency Date, Buyer shall have approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal (but not feasibility or economic) inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain.

(iv) Property and Formation Documents. On or before the Contingency Date, Buyer shall have approved in writing, in Buyer's reasonable discretion, the terms, conditions and status of all of the Property Documents.

(v) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(vi) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(vii) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(viii) No Default. As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(ix) Oversight Board and Department of Finance ("DOF") Approval. The Oversight Board and, if required as a condition of the issuance of title insurance or by either party hereto, approval by DOF, shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement.

(b) **Termination Right.** Should any of Buyer's Contingencies not be met by the Outside Date, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If Buyer has neither terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Contingency Date as to the items set forth in Sections 6(a)(i)-(v) inclusive, nor provided a written satisfaction or waiver notice to Seller of each Buyer's Contingency to be satisfied as of the Contingency Date, then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(vi)-(viii) inclusive, prior to the Closing, such Buyer's Contingencies shall be deemed to have been satisfied.

(c) **Seller's Cure Right.** Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

7. Seller's Conditions Precedent and Termination Right. The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) **Completion of Title Review.** Seller shall have received written confirmation from Buyer that Buyer has completed its review of title and that the condition of title is satisfactory.

(b) **Confirmation Concerning Site.** Seller shall have received written confirmation from Buyer that Buyer has reviewed the condition of the Real Property, including without limitation concerning Hazardous Materials, zoning and suitability, and approves the condition of the Real Property.

(c) **Oversight Board and, if applicable, DOF Approval.** The approval by the Oversight Board and DOF shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement, and, if required as a matter of law or as a condition by the Title Company as a condition of the Title Company issuing its policy of title insurance, DOF approval.

(d) Confirmation Regarding Buyer's Title Policy. Seller shall have received written confirmation from Buyer that Buyer has approved a pro forma title policy.

(e) Delivery of Documents. Buyer's delivery of all documents described in Section 9, below.

Should any of Buyer's Contingencies not be met by the Outside Date and Buyer has so informed Seller, Seller may, by written notice to Buyer, terminate this Agreement. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any title or other cancellation fees shall be paid by Buyer.

8. Seller's Deliveries to Buyer.

(a) Seller's Delivered Documents. At least one (1) business day prior to the Closing Date, Seller shall deposit or cause to be deposited with Buyer the following items, duly executed and, where appropriate, acknowledged ("Seller's Delivered Items"):

(i) Deed. The Grant Deed in the form attached hereto as Exhibit B (the "Deed").

(ii) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.

(iii) Authority. Such proof of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

(iv) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

(b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Buyer, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

9. Buyer's Deliveries to Seller. At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Seller the following, each duly executed and acknowledged by Buyer, as appropriate ("Buyer's Delivered Items"):

(a) Purchase Price. The Purchase Price, together with additional funds necessary to pay Buyer's closing costs set forth in Section 10(b) herein.

(b) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(c) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. Costs and Expenses.

(a) Seller's Costs. If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; and (iii) costs, if any, allocable to Seller under this Agreement (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) Buyer's Costs. If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) Buyer's share of prorations, (ii) the premium for an owner's policy of title insurance which, at the election of Buyer, will be an ALTA owner's extended coverage policy of title insurance and the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (iii) documentary recording fees, if any; (iv) documentary transfer tax, if any; and (v) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts"). Since Buyer and Seller elected to close without use of escrow pursuant to Section 3(b) hereof, Buyer and Seller shall make the prorations described in this subsection (b).

Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Buyer represents to Seller that Buyer has not engaged the services of any consultants, finders or real estate brokers in connection with the purchase of the Real Property from the Seller. Seller represents to Buyer that Seller has not engaged the services of any consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer.

11. Prorations; Withholding.

(a) All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

(b) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed

by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

12. Closing Procedure. When the Title Company is ready to issue the Buyer's Title Policy and all required documents and funds have been deposited with Seller, Seller shall immediately close Escrow in the manner and order provided below.

(a) Recording. Seller shall cause the Deed to be recorded pursuant to applicable law in the county in which the Real Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) Disburse Funds. Seller shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (as provided herein) shall be distributed via account transfers to Seller. Seller shall request demands for payment and to make such payments from the Purchase Price (or such other funds, if any, as are advanced by Seller) to defray the cost of removing deeds of trust, liens and other encumbrances.

(c) Documents to Seller. Seller shall receive a conformed copy of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of Orange, and a copy of each other document (or copies thereof) provided by Buyer pursuant hereto.

(d) Documents to Buyer. Seller shall deliver to Buyer the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of Orange, and each other document (or copies thereof) deposited by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) Title Company. Seller shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Informational Reports. Seller shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(g) Possession. Possession of the Real Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing; provided that each of the representations and warranties of Seller is based upon the information and belief of the Executive Director of the Buyer:

(i) Seller believes that it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated, subject to the approval of the Oversight Board and, as may be applicable, DOF.

(ii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, Seller believes that all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Seller believes that neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best of Seller's knowledge, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller (and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. Fair Value Price. Each of Buyer and Seller believe that the Purchase Price represents a fair value price for the Real Property.

15. Surplus Lands Act. The Property is subject to the requirements of the Surplus Lands Act. Accordingly, pursuant to Government Code section 54233, if 10 or more residential units are developed on the Property, not less than 15 percent of the total number of residential units developed on the parcels shall be sold or rented at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code. Rental units shall remain affordable to, and occupied by, lower income households for a period of at least 55 years for rental housing and 45 years for ownership housing. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of Section 65915 of the Government Code. Buyer expressly agrees and consents that the requirements of this section shall be contained in a covenant or restriction recorded against the Property prior to land use entitlement of the project, and the covenant or restriction shall run with the land and shall be enforceable against any owner who violates a covenant or restriction, and each successor in interest who continues the violation, by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5 of the Government Code.

16. General Provisions.

(a) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer

shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(d) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(e) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, City closure, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, City closure, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(f) Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall

constitute but one and the same instrument. An electronic signature shall be deemed an original signature.

(g) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(h) No Obligations to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(i) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(j) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(k) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California, with venue in Orange County.

(l) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(m) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(n) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(o) Assignment. This Agreement may not be assigned without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

ATTEST:

“SELLER”

**SUCCESSOR AGENCY TO THE
FORMER COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF SANTA ANA**

By: _____

By: _____

Successor Agency Secretary

Executive Director

ATTEST:

“BUYER”

CITY OF SANTA ANA, a charter city and municipal corporation organized under the Constitution and laws of the State of California

By: _____

By: _____

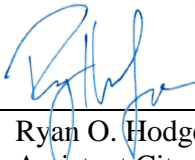
Clerk of the Council

Kristine Ridge
City Manager

APPROVED AS TO FORM:

Sonia R. Carvalho
City Attorney

By: _____



Ryan O. Hodge
Assistant City Attorney

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT A

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,


Described as a whole.

Containing 11955.8 square feet, more or less.

Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

All as shown on Exhibit B, attached hereto and by this reference made a part hereof.

Prepared by me, or under my direction on 7/30/2019.

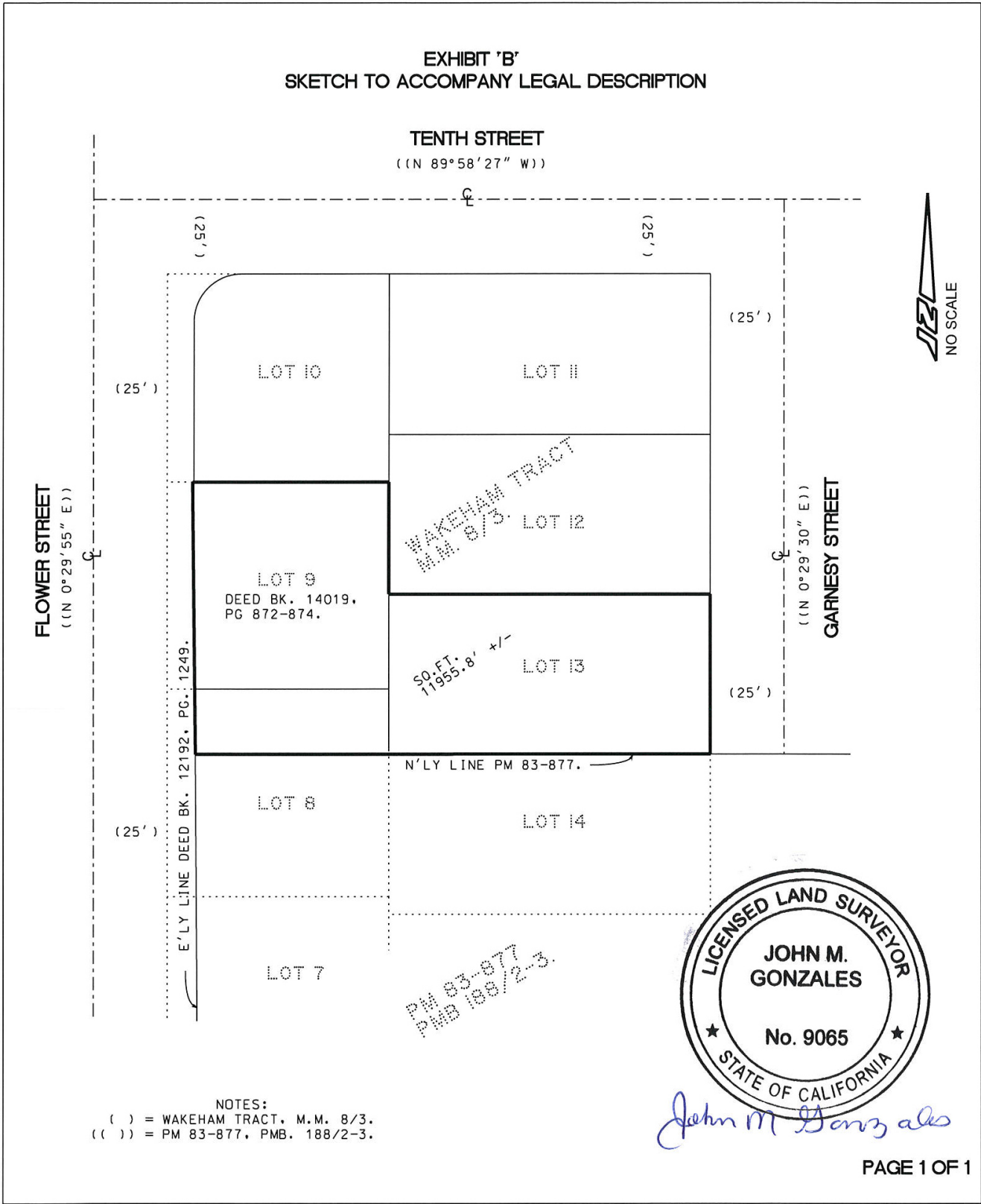


John M. Gonzales, PLS 9065



EXHIBIT A

LEGAL DESCRIPTION



APN: 005-142-35; 005-142-47; and 005-142-58

EXHIBIT B

DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

City of Santa Ana
20 Civic Center Plaza
Santa Ana, CA 92701
Attn: _____

APN: 005-142-35; 005-142-47; and 005-142-58 [Space above for recorder.]

EXEMPT FROM PAYMENT OF DOCUMENTARY
TRANSFER TAX (TRANSFER BETWEEN PUBLIC
AGENCIES)

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana (“Grantor”), hereby grants to the City of Santa Ana, a charter city and municipal corporation organized under the Constitution and laws of the State of California, that certain real property located in the County of Orange, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the “Property”), subject to existing easements, restrictions and covenants of record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 2022.

**SUCCESSOR AGENCY TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF SANTA ANA**

By: _____
Name: _____
Its: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

EXHIBIT A

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,

Described as a whole.

Containing 11955.8 square feet, more or less.

Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

All as shown on Exhibit B, attached hereto and by this reference made a part hereof.

Prepared by me, or under my direction on 7/30/2019.



John M. Gonzales, PLS 9065



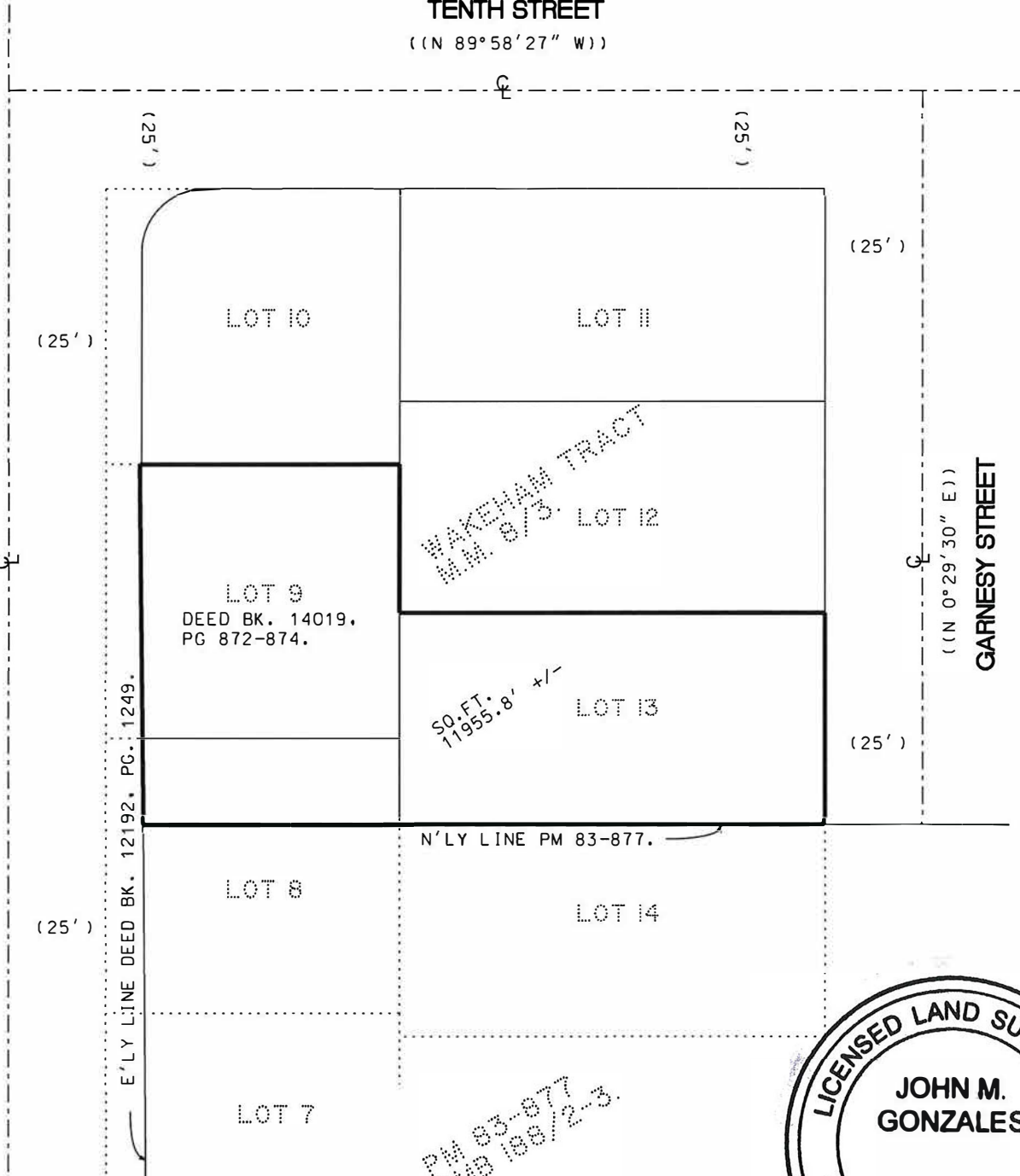
EXHIBIT 'B'
SKETCH TO ACCOMPANY LEGAL DESCRIPTION

TENTH STREET

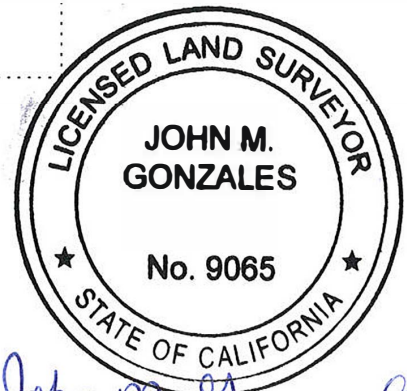
((N 89°58'27" W))

FLOWER STREET
 ((N 0°29'55" E))

GARNESY STREET
 ((N 0°29'30" E))



NOTES:
 () = WAKEHAM TRACT, M.M. 8/3.
 (()) = PM 83-877, PMB. 188/2-3.



John M. Gonzales

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed under the foregoing Grant Deed by the Successor Agency to the Former Community Redevelopment Agency of the City of Santa Ana to the City of Santa Ana, a charter city and municipal corporation organized under the Constitution and laws of the State of California (“City”) as to the following property:

Real property in the City of Santa Ana, County of Orange, State of California, described as follows:

In the City of Santa Ana, County of Orange, State of California, being all of Lot 13 of the Wakeham Tract per map filed in Book 8, page 3 of Miscellaneous Maps records of said County;

Together with that portion of Lot 9 of said Tract Map, described in a Deed per Book 14019, pages 872 through 874 records of said County;

Together with Lot 8 of said Tract Map, except that portion described in a Deed per Book 12192, page 1249 records of said County, also except that portion per Parcel Map 83-877 filed in Parcel Map Book 188, pages 2 and 3, records of said County,

Described as a whole.

Containing 11955.8 square feet, more or less.

Subject to all Covenants, Conditions, Reservations, Restrictions, Rights of Way and Easements of record, if any.

APN: 005-142-35; 005-142-47; and 005-142-58

is hereby accepted by the City Manager of the City on behalf of the City pursuant to authority conferred by action of the City Council of the City by Resolution No. _____ of the City Council, and the City as grantee consents to recordation thereof by its duly authorized officer.

CITY OF SANTA ANA

Kristine Ridge
City Manager

ATTEST:

Clerk of the Council

APPROVED AS TO FORM:
Sonia R. Carvalho
City Attorney

By: 

Ryan O. Hodge
Assistant City Attorney

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 _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

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 _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above

Orange Countywide Oversight Board

Agenda Item No. 10

Date: 9/20/2022

From: Successor Agency to the Garden Grove Agency for Community Development

Subject: Resolution of the Countywide Oversight Board Approving the Sale and Transfer of Real Property located at 12311 Thackery Drive, Garden Grove and Taking Related Actions

Recommended Action:

Adopt a resolution to direct the Successor Agency to the Garden Grove Agency for Community Development the Sale and Transfer of Real Property located at 12311 Thackery Drive, Garden Grove and Taking Related Actions

The Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) requests from the Oversight Board authorization of the Sale and Transfer of Real Property located 12311 Thackery Drive, Garden Grove, CA, APN: 231-471-23 (Property) and to further implement wind down of the dissolved redevelopment agency.

The Property is vacant and unimproved; the shape and size of the parcel is rectangular and approximately 7,200 square feet (0.165 ac), and is located west of Harbor Boulevard and north of Twintree Avenue, as depicted on Exhibit A. The Property is listed as Property Number 55 in the approved Long Range Property Management Plan (LRPMP), Exhibit B.

On July 19, 2022, the Oversight Board directed staff to commence the disposition process at the appraised value. An independent appraisal was prepared by John P. Laurain, MAI, ASA, a professional appraiser, which concluded the Fair Market Value of the Property is \$460,000.00, Exhibit C.

Pursuant to statutory requirements, staff caused publication of a Notice of Joint Public Hearing about the proposed sale and transfer of the Property. On September 13, 2022, the Successor Agency approved the disposition transfer via a Resolution. The Successor Agency seeks the Oversight Board to 1) adopt a Resolution (Attached) to approve the sale and transfer of certain Real Property to the Developer pursuant to the LRPMP; 2) authorize the Successor Agency Director to execute all related documents necessary to effectuate the sale and transfer of the Property, including making minor modifications on behalf of the Successor Agency and Oversight Board, and 3) authorize staff to transmit the approved Resolution and documents to the State Department of Finance for approval.

Impact on Taxing Entities

There is no fiscal impact for this action. The proceeds from the sale in the amount of \$460,000 will be remitted to the County Auditor-Controller for disbursement to the local taxing entities.

Staff Contact(s)

Greg Blodgett, Division Manager, City of Garden Grove
Community and Economic Development Department, (714) 741-5124, Greg1@ggcity.org
Paul Guerrero, Real Property Agency, City of Garden Grove
Community and Economic Development Department, (714) 741-5181, paulg@ggcity.org

Attachments

Oversight Board Resolution

Exhibit A: Parcel Exhibit

Exhibit B: Approved Long Range Property Management Plan

Exhibit C: Fair Market Value Appraisal

Exhibit D: Grant Deed to Developer

Exhibit E: Garden Grove Successor Agency Resolution

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
RESOLUTION NO. 22-036**

IN THE MATTER OF APPROVING A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE SALE AND TRANSFER OF CERTAIN REAL PROPERTY IN ACCORDANCE WITH THE LONG RANGE PROPERTY MANAGEMENT PLAN AND DISSOLUTION LAW

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development (“Successor Agency”) is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code (“HSC”), and the successor to the former Garden Grove Agency for Community Development (“Former Agency”) that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”); and

WHEREAS, Assembly Bill x1 26 to Part 1.8 Section 34160, *et seq.* and Part 1.85 Section 34170, *et seq.* to Division 24 of the HSC, which laws as enacted and thereafter amended caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies (together, as amended, “Dissolution Laws”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations and otherwise unwinds the Former Agency’s affairs, all subject to the review and approval by the oversight board (“Oversight Board”); and review and approval of actions by the State of California, Department of Finance (“DOF”); and

WHEREAS, HSC Section 34191.5(b) requires the Successor Agency to prepare a “long-range property management plan” (“LRPMP”) addressing the future disposition and use of all real property assets of the Former Agency no later than six months following the issuance to the Successor Agency of a finding of completion by the State Department of Finance (“DOF”) pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, DOF issued a finding of completion to the Successor Agency on May 15, 2013; and

WHEREAS, the Successor Agency prepared an LRPMP that was approved by the Successor Agency, the Oversight Board, and the DOF; and

WHEREAS, in the LRPMP that certain real property listed on line 55 of the matrix attached to the LRPMP is at 12311 Thackery Drive, and identified as Assessor Parcel Number 231-471-23 (“Property”); and

WHEREAS, the Property is designated in the LRPMP as real property to be sold by the Successor Agency; and

WHEREAS, the Successor Agency desires to sell and transfer the Property to Newage Garden Grove II LLC (“Developer”) for the purchase price of the appraised value of \$460,000; and

WHEREAS, the sale and transfer of the Property by the Successor Agency to the Developer complies with the Dissolution Law, LRPMP, CRL, and other applicable provisions of the law; and

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

SECTION 1. The Recitals set forth above are true and correct and are incorporated into the Resolution by this reference.

SECTION 2. The Oversight Board hereby approves and authorizes the sale and transfer of the Property in accordance with the approved LRPMP at a purchase price of \$460,000, which is the appraised fair market value of the Property.

SECTION 3. The Successor Agency Executive Director and Secretary of the Successor Agency are hereby authorized to prepare and sign all documents necessary to implement the sale and transfer of the Property to the Developer.

SECTION 4. The Successor Agency Executive Director is hereby directed to transmit this Resolution to the State Department of Finance for approval.

SECTION 5. The approval of this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 6. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. This Resolution shall be effective immediately upon adoption.

SECTION 8. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

EXHIBIT A

12311 Thackery Drive

Garden Grove, CA

APN: 231-471-23



MARCH 1980

TRACT NO. 2148
TRACT NO. 3050
TRACT NO. 5503

M.M. 58-46, 47, 48
M.M. 92-31, 32
M.M. 201-29, 30
P.M. 18-26

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 231 PAGE 47 COUNTY OF ORANGE

231-47

Garden Grove Long Range Property Management Plan

Project Name	Former Use	Former Use Detail	Acquisition Date	Value At Purchase	Estimated Current Value	Value Basis	Current Value	Proposed Sale Value	Proposed Sale Date	Assessed	Address	APN	Lot Size	Current Zoning	Estimated Current Value	Est. of Incremental Revenue (Annual)	Constitute For Incremental Revenue	Environmental Impact	TOD Potential	History of Previous Investments	
46 Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$180,000	\$180,000	Based on appraisal	11/29/12	\$180,000		Project and goals and objectives of redevelopment project area plan - Housing	13007 Lanning Blvd 13002 Bernal	100-384-01 100-384-02 100-384-03	7,400 7,700 7,700	R-1	\$180,000 \$180,000 \$180,000	\$0.00 \$0.00 \$0.00	N/A N/A N/A	No known environmental issues	N/A	Remnant parcels from street widening	
47 Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$180,000	\$180,000	Based on appraisal	11/29/12	\$180,000		Project and goals and objectives of redevelopment project area plan - Housing	13007 Lanning Blvd 13002 Bernal	100-384-01 100-384-02 100-384-03	7,400 7,700 7,700	R-1	\$180,000 \$180,000 \$180,000	\$0.00 \$0.00 \$0.00	N/A N/A N/A	No known environmental issues	N/A	Remnant parcels from street widening	
48 Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$180,000	\$180,000	Based on appraisal	11/29/12	\$180,000		Project and goals and objectives of redevelopment project area plan - Housing	13007 Lanning Blvd 13002 Bernal	100-384-01 100-384-02 100-384-03	7,400 7,700 7,700	R-1	\$180,000 \$180,000 \$180,000	\$0.00 \$0.00 \$0.00	N/A N/A N/A	No known environmental issues	N/A	Remnant parcels from street widening	
49 Improved Remnant	To be sold for the benefit of the taxing entities		Unknown	Unknown	De Minimis	Undetermined	Undetermined	Undetermined		Project and goals and objectives of redevelopment project area plan - Housing	Landscaping	100-504-74	1,442	PLD (R-2)	\$0.00	\$0.00	N/A	No known environmental issues	N/A	PLD-113-25	
50 Former Rail Road Right-of-Way	To be sold for the benefit of the taxing entities	The Agency will obtain vehicles and equipment from the state and will be transferred to the Orange County Auditor Controller for distribution to the taxing entities. Refer to 62913 cover letter for more information.	Sep-91 Sep-91 Sep-91	\$80,328 \$78,614 \$7,445	\$22,720 \$179,000 \$118,242	Based on appraisal based on differential encumbrance	Undetermined	\$22,720 \$179,000 \$118,242	See Note 1	Project and goals and objectives of redevelopment project area plan - Commercial/Economic Development	No Address (Chapman Ave) No Address (Baker) No Address (Brennan St)	133-091-16 133-111-10 133-123-02	68,888 143,748 13,088	Mixed-Use	\$22,720 \$179,000 \$118,242	\$2,400.00 \$2,400.00 \$2,400.00	N/A N/A N/A	No known environmental issues	Properties are a transit corridor via constant Parcel is located near Garden Grove Blvd, which is a major arterial street	N/A	N/A
52 Commercial Building/Storage Use	To be sold for the benefit of the taxing entities		7/31/11	\$415,000	\$381,000	Based on appraisal for residential properties under development	4/23/10	\$381,000		Project and goals and objectives of redevelopment project area plan - Community Through Project	13062 Century Blvd	099-091-15	10,880	Mixed Use (SMBU)	\$381,000	\$19,800.00	N/A	No known environmental issues		Various residential and retail projects	
54 Remnant Warehousing	To be sold for the benefit of the taxing entities		Unknown	Unknown	\$0.00	Undetermined	Undetermined	Undetermined		Project and goals and objectives of redevelopment project area plan - Infrastructure Improvements	Avada Pkwy	008-201-32	677	Community Center Specific Plan	\$0.00	\$0.00	N/A	No known environmental issues per OCTA documents	N/A	N/A	
55 Vacant Lot (Former Item 30)	To be sold for the benefit of the taxing entities		11/8/10	\$434,639	\$24,000	Based on an appraisal for comparable factors based on properties	7/29/12	7/29/12	7/29/12	Property adjacent to the B1a B2 Hotel project. Project is a residential project as well as to provide an additional buffer between the project and the adjacent residential area.	12211 Thackeray Dr	231-471-23	9,050	R-1	\$24,000	\$0.00	N/A	No known environmental issues	N/A	N/A	

1. Residential land value based on approved zoning and entitlements for a 800-room resort, waterfront hotel. See 62913 LRPMP cover letter.
 2. Residential land value based on mixed-use zoning and entitlements for up to 700 residential units and 100,000 square feet of retail space. See 62913 LRPMP cover letter.
 3. Funding source for these acquisitions came from City and 2012 Certificates of Participation. No tax increment funds were used. See 62913 LRPMP cover letter.
 4. Federal Community Development Block Grant (CDBG) funds were used by the Agency to acquire these properties. No tax increment funds were used.
 5. Residential land value based on zoning and entitlements for 700 lot service hotel rooms. See 62913 LRPMP cover letter.
 6. All TDF process will commence upon approval of the Plan by the State Department of Finance.

APPRAISAL REPORT

VACANT LAND PARCEL
12311 THACKERY DRIVE
GARDEN GROVE, CALIFORNIA
APN: 231-471-23



R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

VACANT LAND PARCEL
12311 THACKERY DRIVE
GARDEN GROVE, CALIFORNIA
APN: 231-471-23

Effective Date
of
Market Value Study
June 6, 2022

Prepared for
CITY OF GARDEN GROVE
ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT
11222 Acacia Parkway
Garden Grove, CA 92842

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
June 8, 2022

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CALIFORNIA 90807

TELEPHONE (562) 426-0477

FACSIMILE (562) 988-2927

RPLA@RPLAURAIN.COM

June 8, 2022

City of Garden Grove
Economic and Community Development Department
11222 Acacia Parkway
Garden Grove, CA 92842

Attention: Paul Guerrero
Real Property

Subject: Vacant Land Parcel
12311 Thackery Drive
Garden Grove, California
APN: 231-471-23

In accordance with your request and authorization, I have personally inspected and appraised the above-referenced property. The appraisal study included (1) an inspection of the subject property, (2) a review of market data, and (3) the valuation analysis.

The subject property is located on the west side of Thackery Drive, beginning 78± feet north of Twintree Avenue, in the City of Garden Grove. The subject property contains 7,200 square feet of land area. The site has an interior location on a secondary street. The subject property is an effectively vacant land parcel. The subject property is located in the R-1-7 (Single-Family Residential) zone district of the City of Garden Grove. The underlying land use designation, however, is International West Mixed Use (IW).

It will be demonstrated in the accompanying report that the maximally productive use, and therefore, the highest and best use of the subject property is low density residential development. The subject property has been appraised accordingly.

After considering the various factors which influence value, the fee simple market value of the subject property, as of June 6, 2022, is estimated at:

FOUR HUNDRED SIXTY THOUSAND DOLLARS
\$460,000.

City of Garden Grove
Attention: Paul Guerrero
June 8, 2022
Page 2

The foregoing value is subject to the assumptions and limiting conditions set forth in the Preface Section, and the valuation study in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

This appraisal complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a), for an Appraisal Report. This report has been submitted as an electronic (PDF) document; a file copy has been retained.

If you have any questions regarding the report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "John P. Laurain", written over a horizontal line.

John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

JPL:jlr

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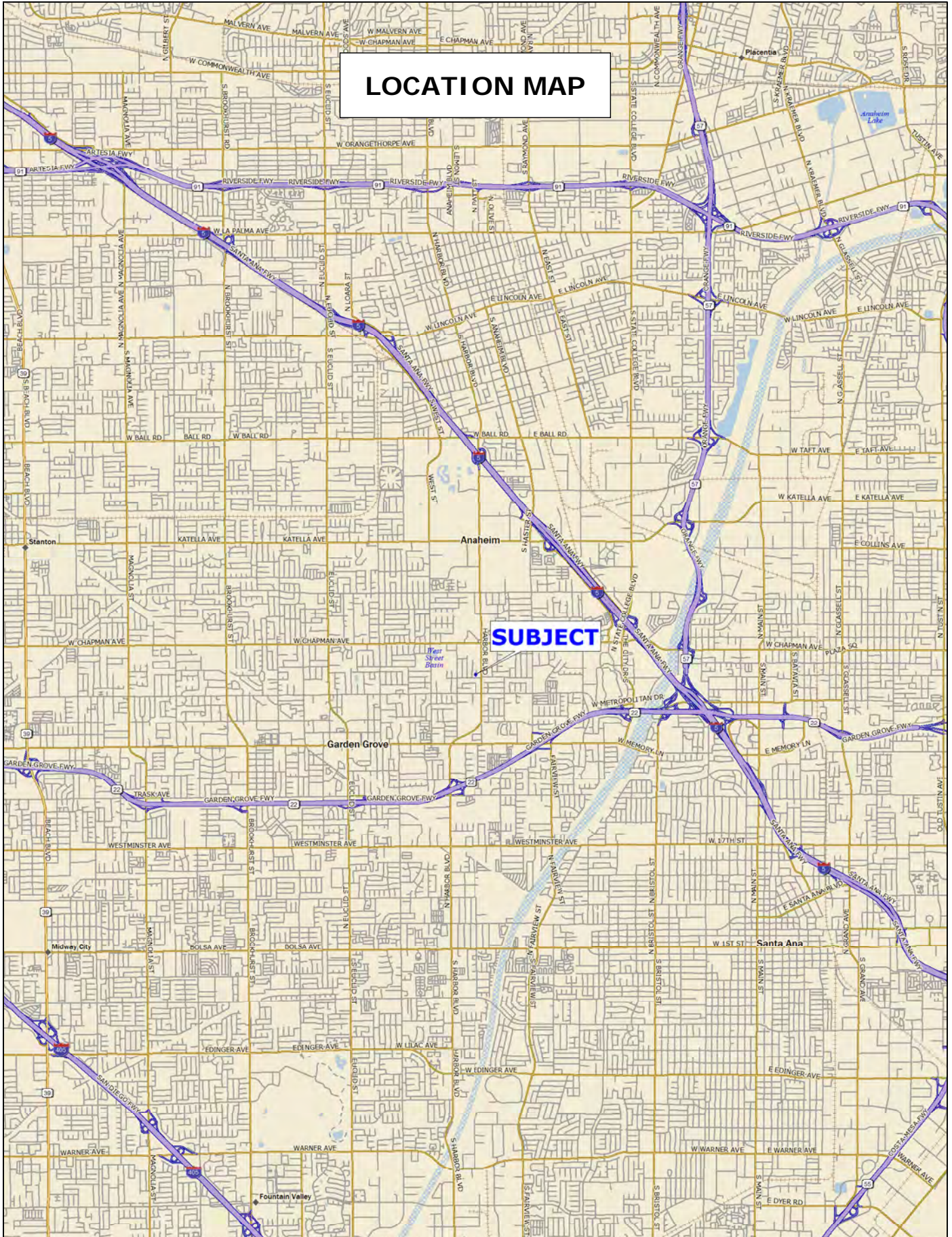
Summary of Land Value Indicators
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PREFACE

LOCATION MAP



SUBJECT

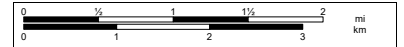
Data use subject to license.

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Scale 1 : 81,250



1" = 1.28 mi

Data Zoom 12-0

DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on June 6, 2022. Said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of market value, in fee simple, for the subject property, absent any liens, leases, or other encumbrances, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Terms and Definitions."

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the subject property, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

INTENDED USER OF APPRAISAL

It is understood that the intended user of the appraisal will be the client, the City of Garden Grove, and specific representatives thereof.

INTENDED USE OF APPRAISAL

It is understood that this appraisal will be utilized by the City of Garden Grove and specific representatives thereof to establish the market value of the subject property for the possible acquisition (purchase) of the property appraised.

CERTIFICATION

The undersigned does hereby certify that:

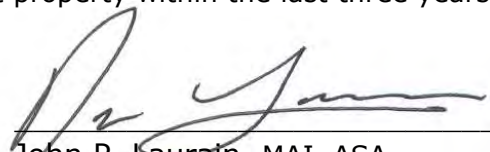
I have personally inspected the subject property; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a predetermined or stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institutes, and the Uniform Standards of Professional Appraisal Practice. As of the date of this report I have completed the continuing education program for Designated Member of the Appraisal Institute, the State of California and the American Society of Appraisers; note that duly authorized representatives of said organizations have the right to review this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

No one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. No other person provided significant professional assistance. I have appraised the subject property within the last three years, for the client, the City of Garden Grove.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date: April 16, 2023

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and has accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of fair market value. The subject property is particularly described in the following portion of this report in the section entitled Subject Property Description.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked within the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject site.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Has made, or caused to be made, plats and plot plan drawings of the subject property, and has checked such plats and plot plan drawings for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Has viewed, confirmed the sale price, and obtained certain other information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application the Sales Comparison Approach; the Cost and Income Capitalization Approaches were not considered applicable in the subject case.
16. Prepared and delivered this appraisal report in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this narrative Appraisal Report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a), for an Appraisal Report. The information contained in this appraisal report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report of the subject property was provided to the appraiser; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraiser.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraiser for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
11. That the appraiser has conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

restrictions and regulations, which would increase or decrease the value of the subject property, the appraiser reserves the right to amend the final estimate of value.

12. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraiser, particularly with regard to the valuation of the property appraised and the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.
17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing, or sales concessions granted by anyone associated with the sale."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY DESCRIPTION

SUBJECT PROPERTY



View looking northwesterly at the subject property from intersection of Thackery Drive and Twintree Avenue. See additional photographs in the Addenda Section.

VESTEE: Garden Grove Agency for Community Development

ADDRESS: 12311 Thackery Drive
Garden Grove, CA 92840

LEGAL DESCRIPTION: Lot 36, Tract No. 2148, per map recorded in Book 58, Pages 46, 47, and 48 of Miscellaneous Maps, in the office of the County Recorder, County of Orange, California.

SITE DESCRIPTION

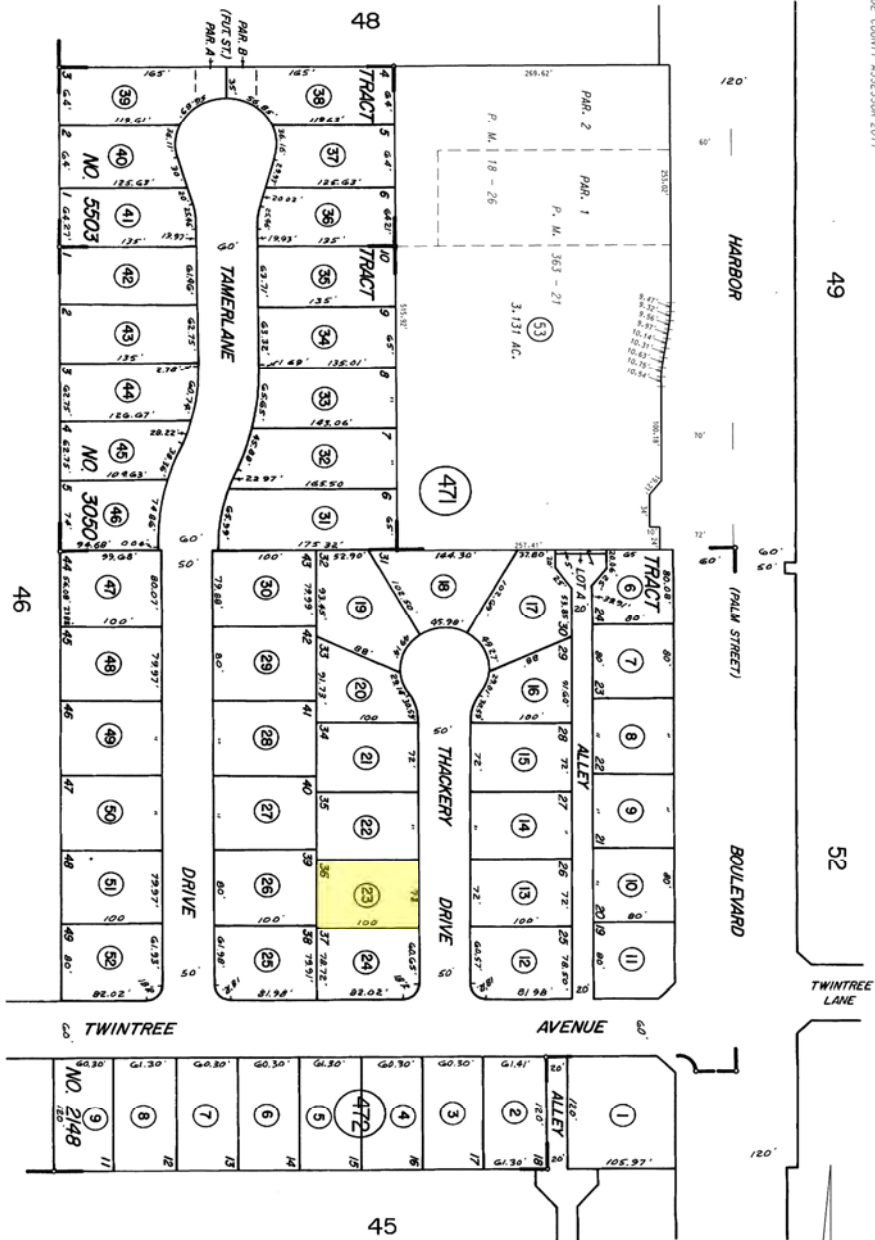
LOCATION:	The subject property is located on the west side of Thackery Drive, beginning 78± feet north of Twintree Avenue, in the City of Garden Grove.
LAND SHAPE:	Effectively rectangular land configuration.
DIMENSIONS:	72' x 100'.
LAND AREA:	7,200 square feet.
TOPOGRAPHY:	Effectively level.
DRAINAGE:	Appears to be adequate.
FLOOD HAZARD:	The subject property is located on FEMA Flood Zone Map 06059C0141J, dated December 3, 2009; per said map, the subject site is located in Flood Zone X with a reduced flood risk due to levee. Flood insurance (for improved properties) is not federally required by lenders for loans on properties in Flood Zone X.
SOIL STABILITY:	Appears to be adequate based on the subject development, as well as developments in the immediate area. A soils report, however, was not provided for review.
SOIL CONTAMINATION:	None known or observed, however, an environmental assessment report was not provided for review. The subject site has been appraised as though free of soil contaminants requiring remediation.
OIL/MINERAL RIGHTS:	The subject appraisal specifically excludes any existing oil or mineral rights. Further, oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.

APN: 231-471-23

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FOR: NE 1/4, NW 1/4, SEC. 34, T 4 S, R 10 W

231-47



MARCH 1980

TRACT NO. 2148
TRACT NO. 3050
TRACT NO. 5503
PARCEL MAP

M.M. 58-46, 47, 48
M.M. 92-31, 32
M.M. 201-29, 30
P.M. 18-26

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 231 PAGE 47 COUNTY OF ORANGE



R. P. LAURAIN & ASSOCIATES
APPRAISERS - ANALYSTS

SITE IMPROVEMENTS (Continued)

EARTHQUAKE FAULT:	While the greater Southern California area is prone to earthquakes, no seismic or geological studies were provided for review. No responsibility is assumed for the possible impact of seismic activity or earthquakes.
FRONTAGE:	The subject property has 72 feet of frontage on Thackery Drive.
RIGHT OF WAY WIDTH:	Thackery Drive: 50 feet.
STREET SURFACING:	Asphalt paving at west portion of Thackery Drive; gravel surfacing at east portion.
CURB, GUTTER, SIDEWALK:	Concrete curbs and gutters on both sides of the street (no sidewalks).
STREETLIGHTS:	Ornamental standards; street light fixtures have been removed as of the date of value.
UTILITIES:	Water, gas, electric power, telephone service, and sanitary sewer are available in the immediate area.
ENCROACHMENTS:	None apparent, however, a survey pertaining to the subject property was not provided for review.
EASEMENTS:	A Preliminary Title Report prepared by First American Title, dated May 18, 2021, pertaining to multiple parcels, inclusive of the subject site, was provided for review. The subject site appears to be impacted by easements for public road purposes, assumed to be the existing Thackery Drive, as well as utility pole line easements. Said easements are deemed typical of the subject area and are not considered to have an impact on the existing or future highest and best use.

SITE IMPROVEMENTS (Continued)

EASEMENTS: (Continued)

Other easements, if existing, are assumed to be located along the property boundaries and/or not interfering with the existing or any future highest and best use development. It is assumed there are no "cross-lot" or "blanket" easements which will preclude a highest and best use development.

The title report also identifies a Declaration of Protective Covenants which initially limited the use of sites in the subject larger Tract No. 2148 to single family residential dwellings. The covenant was originally established in 1954, with a 25 year term, renewed automatically every ten years unless an agreement is signed by a majority of the lot owners terminating the covenant. While it is understood that the covenant has not been terminated, certain lots have been developed with buildings other than single family residences. It is also understood that the subject site may be joined with other adjacent parcels in the same tract for a hotel development.

ILLEGAL USES:

None observed.

PRESENT USE:

Effectively vacant land.

ZONING:

The subject property is located in the R-1-7 (Single-Family Residential) zone district of the City of Garden Grove.

The "R-1" zone district "is intended to provide for the establishment and promotion of single family detached residences on individual lots and compatible associated activities."

SITE IMPROVEMENTS (Continued)

ZONING: (Continued)

The minimum lot size is 7,200 square feet. The maximum building height is 35 feet. The front yard setback is 20 feet. The rear yard setback is 20% of the lot depth not to exceed 25 feet. The interior side yard setback is 5 feet, however, the street side yard setback is 10 feet.

Note, however, the land use designation is International West Mixed Use (IW). The IW land use is "intended to provide for a mix of uses, including resort, entertainment, retail, hotel, and some higher density residential." The density for residential development is 42.1 to 60 dwelling units per acre.

HIGHEST AND BEST USE:

The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject site.

OWNERSHIP HISTORY

COMMENT: Information regarding the date of acquisition by the Garden Grove Agency for Community Development was not provided to the appraiser. Orange County Assessor's records indicate the subject property has been vested with the current owner for more than five years. The acquisition of the property by a public agency, however, may not be reflective of, or relevant to, the current fair market value.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 231-471-23

ASSESSED VALUATIONS: Land: \$428,349
Improvements: \$43,465

TAX RATE AREA: 18055

TAX YEAR: 2021-2022

REAL ESTATE TAXES: \$349.88*

* Real estate taxes will be adjusted in the event the subject property is sold to a private party. The adjusted real estate taxes will be 1.02±% of the sale price, or Assessor's "cash value." In the absence of a sale, transfer, or capital improvements, the maximum allowable increase in the assessed valuations is 2% per year, per Real Estate Tax Initiative of 1978 (Proposition 13).

NEIGHBORHOOD ENVIRONMENT

- LOCATION:** The subject property is located in the northeast portion of the City of Garden Grove. The City of Garden Grove encompasses 18 square miles populated by just under 175,000 residents within the corporate limits of the City. The predominant land use in the City is residential (51%), followed by commercial and industrial (14%). Office use make up less than 1% of the land within the city limits. The remaining land area is open space, institutional/government, vacant land parcels, and street and railroad rights of way.
- ACCESS:** Major north-south thoroughfares in the subject area include Fairview Street, Harbor Boulevard, and Euclid Street. Major east-west thoroughfares include Garden Grove Boulevard, Chapman Avenue, and Lampson Avenue. The Santa Ana (5) Freeway is located approximately one and one half miles to the northeast and the Garden Grove (22) Freeway is located approximately one mile to the south of the subject property. Said freeways are part of the greater freeway network serving the Southern California region.
- LAND USES:** The immediate neighborhood is zoned R-1-7 (single family). The majority of secondary streets in the immediate subject area are developed with low density single family residential developments. As stated, primary streets are predominantly developed with commercial uses. The Orange County Outlets is located one and one quarter miles to the east of the subject property. Disneyland and Downtown Disney are located approximately two miles northerly. A hotel development is located within one block north of the subject property.

NEIGHBORHOOD ENVIRONMENT (Continued)

BUILT-UP: The subject neighborhood is effectively 95% built-up, including public parks, public facilities, parking lots, and school sites.

PRICE RANGE: Single family residential properties generally range from \$800,000 to exceeding \$1,200,000 exclusive of condominium developments.

The indicated price range is dependent upon the various elements of comparability which include location, building size, building condition, design, number of bedrooms and baths, and the overall land size.

PRICE TREND: There was an upward value trend affecting residential properties in the general subject market area, from the first portion of 2000 through the mid portion of 2006, after which property values generally stabilized.

Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the mid to latter portion of 2009, due primarily to the subprime credit and housing crisis, and a lack of available financing.

In the latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first-time home buyer tax credits. The residential real estate market remained largely flat from the latter portion of 2009 through the mid portion of 2012.

Residential property values in the greater subject market area began to increase in the first part of 2013, due largely to the continued availability of relatively low mortgage interest rates. Said price increase continued through the latter portion of 2019, however, the rate of increase slowed in 2019 as compared to prior years.

NEIGHBORHOOD ENVIRONMENT (Continued)

PRICE TREND: (Continued)

Note that while there was a decrease in appreciation rates in 2020, residential property values have not been negatively affected by the COVID-19 pandemic and resultant "Stay-at-home" orders (lockdown), which began in March 2020. While the number of sale transactions decreased at the start of the lockdown, after some limited activity, residential buying activity surged, with many residential property listings receiving multiple offers, sometimes at "above asking" prices. In the first to mid portion of 2021, there was a significant increase in single family residential property values. As of the first portion of 2022 the year over year increase in single family residential property values, as ranged in excess of 20% to 25% per year, in the subject area and many nearby communities. Said increases, which have continued through the present time, are due to historically low mortgage interest rates, as well as a lack of current inventory. While interest rates have risen in recent months, there remains significant demand and value increases in many residential markets.

AGE RANGE:

The age range of residential buildings in the immediate and general subject market area is generally from 25 to 70 years. Single family residential properties within the immediate subject market area range from effectively new to 70 years.

OTHER:

The availability and adequacy of public facilities, transportation, schools, commercial facilities, recreational opportunities, and residential housing are rated fair-average. The City of Garden Grove provides police protection and fire protection.

Refer to the the Orange County Regional Data, in the Addenda Section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

The 14th Edition of The Appraisal of Real Estate, by the Appraisal Institute, defines highest and best use on Page 332, as follows:

"The reasonably probable use of property that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.
4. Maximally productive.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

The subject property is located at the west side of Thackery Drive beginning 78± feet north of Twintree Avenue, in the City of Garden Grove. The subject property contains 7,200 square feet of land area, per Orange County Assessor's mapping. The site has an interior location on a secondary street, however, only the westerly portion of the street (Thackery Drive) is paved at the subject property frontage; the easterly portion of the street has gravel surfacing.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

The site has an effectively rectangular land configuration. The subject property is rated average with respect to overall access.

All public utilities including water, gas, electric power, telephone, as well as sanitary sewer are available to the site. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

The subject property is located in the R-1-7 (Single-Family Residential) zone district of the City of Garden Grove. The "R-1" zone district "is intended to provide for the establishment and promotion of single family detached residences on individual lots and compatible associated activities." The minimum lot size is 7,200 square feet. The maximum building height is 35 feet. The front yard setback is 20 feet. The rear yard setback is 20% of the lot depth not to exceed 25 feet. The interior side yard setback is 5 feet; however, the street side yard setback is 10 feet.

Note, however, the land use designation is International West Mixed Use (IW). The IW land use is "intended to provide for a mix of uses, including resort, entertainment, retail, hotel, and some higher density residential." The density for residential development is 42.1 to 60 dwelling units per acre. Due to the relatively small land size, and considering on-site parking requirements, setbacks, landscaped areas, etc., it is reasonable to assume the subject site could accommodate a low to medium density multiple family residential development.

The foregoing IW land use, and potential development density, however, is considered somewhat offset by (1) the relatively small lot size, and (2) the existing covenant which may have an impact on development of the site as a single entity. Note, however, even single family lots are permitted a second Accessory Dwelling Unit (ADU) under current State standards.

After considering (1) the physical characteristics of the subject property, (2) the existing R-1-7 zoning and the IW (International West Mixed Use) General Plan land use designation allowing for a higher density multiple family residential development, and (3) the financially feasible uses, the maximally productive use, and therefore, the highest and best use of the subject property is low to medium density residential development, given the relatively small lot size. Many single family lots are sold, marketed and/or developed with two units, inclusive of an ADU. The subject property has been appraised accordingly.

VALUATION ANALYSIS (Continued)

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. The Sales Comparison Approach is the only valuation method considered reliable as an indicator of land value.

The reader is referred to the last portion of the Preface Section, following the heading "Terms and Definitions," for a brief description of each approach to value.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of reasonably comparable multiple family residential land having recently sold within the immediate and general subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of each sale property.

The reader is referred to the summary of Land Value Indicators on the following page. The sale properties surveyed consist of effectively vacant land parcels, and improved parcels acquired for redevelopment, ranging in size from 4,356 to 68,936 square feet. The purchase prices per square foot of land area range from \$41.81 to \$70.02. The sales are set forth in chronological order and took place between January 2020 and May 2022. Data 8 represents a current listing.

LAND VALUE INDICATORS:

<u>Data</u>	<u>Sale Date</u> <u>Address</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner/Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	1-20 11831 Trask Ave., Garden Grove	R-1-7	6,369 sf	no/no	\$310,000	\$48.67
2	5-20 7072 Spruce St., Westminster	R2	22,500 sf	no/no	\$1,205,000	\$53.56
3	12-20 13052 Nelson St., Garden Grove	GGMU-2	4,356 sf	no/no	\$305,000	\$70.02
4	2-21 10761 Rose St., Stanton	RL	6,885 sf	no/yes	\$375,000	\$54.47
5	9-21 5891 Stanton Ave., Buena Park	RS-6	6,911 sf	no/no	\$470,000	\$68.01
6	9-21 4622 Watkins Way, Santa Ana	R2	14,350 sf	no/no	\$600,000	\$41.81
7	5-22 12701 Buaro St. and 12722 Dungan Ln., Garden Grove	R2/R-1-7	68,936 sf	no/no	\$3,100,000	\$44.97
8	asking 8671 Orangewood Ave., Garden Grove	R-1-7	36,270 sf	no/no	\$2,100,000	\$57.90

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Financing and Cash Equivalency Adjustments:

Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases where the cash down payment is generally less than 10% of the purchase price and the financing is other than conventional. The less-than-typical cash down payment, combined with other than conventional financing (such as seller financing), could influence a higher purchase price.

All of the sale properties involved all cash transactions or conventional financing. A cash equivalency adjustment, therefore, has not been applied to any of the sale transactions.

Market Conditions:

An adjustment for market conditions (date of sale) is appropriate when certain sales occur during a rising or declining market. The adjustments are based upon observations of the real estate market and value appreciation/declining cycles dating back more than 15 years.

Real estate trends affecting residential properties in the subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, the residential real estate market experienced a significant decrease in price levels and development activity, which decrease accelerated in the latter portion of 2008 and continued through the latter portion of 2011.

Per discussions with various brokers, a review of various published reports and a review of numerous sale transactions, residential property values generally stabilized in 2012. In the latter part of 2012, the number of sale transactions began to increase, which led to nominal price increases beginning in the first portion of 2013. The rate of increase accelerated in 2015 through 2017. In 2018 and 2019 there was some stabilization in pricing, however, the upward trend in began to increase in 2020, despite the COVID-19 pandemic. The rate of increase accelerated in the mid to later portion of 2021, through the present time.

The reader is referred to the following Zillow graph pertaining to the median sale price of single family residences in the City of Garden Grove.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)



While there has been a significant increase in value of improved single family residences, the rate of increase for the overall land market is considered to be somewhat less, given the limited number of developers/buyers of vacant land, and greater difficulty in obtaining construction financing, as compared to the predominantly owner-user single family residential market. Based on the foregoing, the market conditions adjustment applied to the sale properties is based on the following schedule:

January-December 2020:	+ 6.0% per year,	or	+ 0.5% per month
January-June 2021:	+ 12.0% per year,	or	+ 1.0% per month
July-December 2021:	+ 18.0% per year,	or	+ 1.5% per month
January-May 2022:	+ 18.0% per year,	or	+ 1.5% per month

Elements of Comparability:

All of the sales employed herein conveyed title to the fee simple interest, and represent arms-length transactions. After viewing all of the land sale properties, an analysis was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

General location.	Traffic/noise pollution
Best use/zoning.	Topography.
Land size.	Improvements/demolition
Land configuration and utility.	Plans or entitlements.
Corner location/access.	Easements/site utility.
	Off-site improvements.

As stated, the marketability of each sale property was considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale.

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, best use/zoning, land size, land configuration, traffic/noise pollution, plans or entitlements, and off-site improvements were considered the most important factors when analyzing the various sale properties, in the subject case.

The reader is referred to the Land Sales Comparison Grid on the following page. As stated, quantitative adjustments have been applied to the various sale properties for market conditions (date of sale). The elements of comparability have been considered on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market. Note that the various elements of comparability were not assigned similar weight; the overall comparability of each sale property is set forth on the bottom of the Comparison Grid.

MARKET ANALYSIS COMPARISON GRID

	Data	1	2	3	4	5	6	7	8
	Subject Site								
Purchase price:	-----	\$310,000	\$1,205,000	\$305,000	\$375,000	\$470,000	\$600,000	\$3,100,000	\$2,100,000
Rate per sq. ft.:	-----	\$48.67	\$53.56	\$70.02	\$54.47	\$68.01	\$41.81	\$44.97	\$57.90
Transactional adjustments									
Property rights conveyed:	fee simple	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financing:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of sale:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenditures after sale:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Date of sale:	22-May	1-20	5-20	12-20	2-21	9-21	9-21	5-22	asking
Market conditions:	-----	28.0%	26.0%	22.5%	20.5%	12.0%	12.0%	0.0%	0.0%
Adjusted unit rates:	-----	\$62.30	\$67.49	\$85.77	\$65.64	\$76.17	\$46.83	\$44.97	\$57.90
Comparability adjustments	Subject Site								
Location:	average	similar	superior	similar	inferior	similar	inferior	similar	similar
Land size:	7,200 sf	similar	inferior	superior	similar	similar	similar	inferior	inferior
Zoning/best use:	R-1-7 (IW)	similar	superior	superior	similar	similar	superior	superior	similar
Topography:	effect. level	similar	similar	similar	similar	similar	similar	similar	similar
Land configuration:	average	inferior	similar	similar	similar	similar	similar	inferior	similar
Corner/access:	average	similar	similar	similar	superior	similar	inferior	inferior	similar
Traffic/noise pollution:	average	inferior	similar	similar	inferior	similar	similar	similar	similar
Buildings/on-site improvements:	vacant	similar	similar	similar	similar	similar	similar	similar	similar
Plans/entitlements:	none	superior	similar	similar	similar	superior	similar	similar	similar
Easements/site utility:	average	similar	similar	similar	similar	similar	similar	similar	similar
Utilities available:	average	similar	similar	similar	similar	similar	similar	similar	similar
Street/off-site improvements:	below average	superior	superior	superior	superior	superior	similar	superior	superior
	Data	1	2	3	4	5	6	7	8
Overall comparability:		slightly inferior	superior	superior	slightly superior	superior	inferior	inferior	inferior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Data 2, located in Westminster, is deemed superior to the subject property regarding general location, while Data 4 and 6, located in Stanton and Santa Ana, respectively, are deemed inferior regarding location. All other sales are considered generally similar with respect to location.

Note that larger properties, whether improved or vacant land, sometimes sell at overall lower rates per square foot in accordance with general economic principals. As such, Data 2, 7 and 8, being larger land parcels, are deemed inferior regarding land size, when considered on a rate per square foot basis. Conversely, Data 3, representing a relatively small lot, is deemed superior regarding land size, on a rate per square foot basis.

The subject property is zoned R-1-7, however the General Plan Land Use is IW, having a development density of 42 units per acre, or one unit per 1,037 square feet of land area. Given the relatively small lot size, and considering the existing covenant, a high density residential site is not considered feasible, though the subject site could support more than one unit, especially considering an Accessory Dwelling Unit (ADU) allowance. Note, that the other sale properties zoned for single family residential use would likewise support a second ADU. Data 2, 3, 6 and 7 are considered having superior zoning, allowing slightly higher densities, and are deemed superior accordingly. The remaining sale properties are considered generally similar with respect to zoning.

Data 1 and 7 have irregular land configurations and are deemed inferior accordingly.

Data 1 backs to a freeway and Data 4 is near an active railroad; said sales are considered inferior with respect to traffic/noise pollution.

Data 1 and 5 sold with plans/entitlements and are deemed superior accordingly.

As noted, the subject site fronts on a public street, however, only a portion of Thackery Drive is improved; the east portion of the street is unimproved (gravel). Data 6 is located on a relatively narrow alley, and is similar regarding overall off-site improvements. The remaining sale properties are located on fully paved streets and are deemed superior with respect to off-site improvements.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

No other adjustments were warranted in the subject case.

The reader is referred to the following array of the land sale properties utilized herein. The sales are placed in order within the array by rating with respect to overall comparability, i.e. superior, similar, inferior. Based on the foregoing, the market conditions adjusted unit rates applicable to the land sale properties range from \$46.83 to \$85.77 per square foot of land area, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Adjusted Rate Per SF Land</u>
3	superior	\$85.77
5	superior	\$76.17
2	superior	\$67.49
4	slightly superior	\$65.64
Subject	- - -	\$64.00
1	slightly inferior	\$62.30
6	inferior	\$46.83
7	inferior	\$44.97

All of the sale properties were considered helpful in the analysis. While Data 4, at \$65.64 per square foot is deemed slightly superior, Data 1 at \$62.30 is deemed slightly inferior. As stated, Data 8, at an indicated rate of \$57.90 per square foot, is deemed inferior to the subject site, however, Data 8 represents a current listing and is included herein for informational purposes only.

Based on the foregoing, the unit rate considered applicable to the subject property is estimated at \$64.00 per square foot of land area, as follows:

Land value:

7,200 SF @ \$64.00 = \$460,800.

Adjusted: \$460,000.

VALUATION ANALYSIS (Continued)

FINAL ESTIMATE OF VALUE:

Based on the foregoing valuation, the fee simple market value of the subject property, as of June 6, 2022, is estimated as follows:

FOUR HUNDRED SIXTY THOUSAND DOLLARS
\$460,000

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuations, interviews were conducted with parties involved in the transactions employed in the Sales Comparison Approach. Based on said interviews, as well interviews with real estate brokers specializing in the subject market area, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 3 to 9 months.

MARKET DATA

MARKET DATA SUMMARY

RESIDENTIAL LAND SALE PROPERTIES:

<u>Data</u>	<u>Sale Date</u> <u>Address</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner/Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	1-20 11831 Trask Ave., Garden Grove	R-1-7	6,369 sf	no/no	\$310,000	\$48.67
2	5-20 7072 Spruce St., Westminster	R2	22,500 sf	no/no	\$1,205,000	\$53.56
3	12-20 13052 Nelson St., Garden Grove	GGMU-2	4,356 sf	no/no	\$305,000	\$70.02
4	2-21 10761 Rose St., Stanton	RL	6,885 sf	no/yes	\$375,000	\$54.47
5	9-21 5891 Stanton Ave., Buena Park	RS-6	6,911 sf	no/no	\$470,000	\$68.01
6	9-21 4622 Watkins Way, Santa Ana	R2	14,350 sf	no/no	\$600,000	\$41.81
7	5-22 12701 Buaro St. and 12722 Dungan Ln., Garden Grove	R2/R-1-7	68,936 sf	no/no	\$3,100,000	\$44.97
8	asking 8671 Orangewood Ave., Garden Grove	R-1-7	36,270 sf	no/no	\$2,100,000	\$57.90

MARKET DATA #1

11831 Trask Avenue (formerly 11831 Sorrell Drive), Garden Grove



GRANTOR:	George & Beverly Paras	APN:	100-352-33 (former APNs 28 & 31)
GRANTEE:	Property Group, LLC	LAND SIZE:	6,369 square feet
SALE DATE:	January 24, 2020	ZONING:	R1-7
DOC. NO.:	32204	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$310,000	PRESENT USE:	Vacant land
TERMS:	All cash	UNIT RATE:	\$48.67 per SF

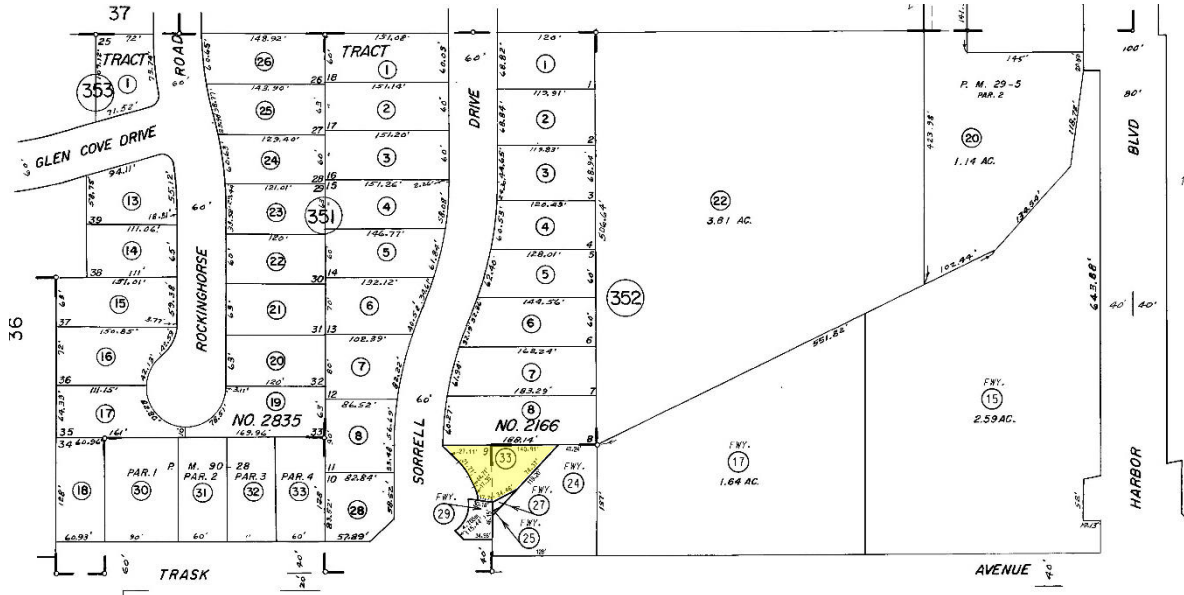
CONFIRMED BY: George Paras, seller

COMMENT: The property is a vacant land parcel that backs to the Garden Grove (22) Freeway. The sale included building plans for a single family residence containing 3,266 square feet. The property previously sold in June 2018 for \$349,000, which equates to \$54.80 per square foot. The seller, George Paras, indicated that he purchased the site with the intent of developing the site, but then decided to sell the property, at a loss. It appears that Mr. Paras paid an above-market price to acquire the property (in 2018).

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APPRAISERS - ANALYSTS

APN: 100-352-33



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MARKET DATA #2
7072 Spruce Street, Westminster



GRANTOR:	T. T. & T. Nomiya Living Trust	APN:	096-102-03
GRANTEE:	Tony Nguyen	LAND SIZE:	22,500 square feet 0.517 acres
SALE DATE:	May 29, 2020	ZONING:	R2
DOC. NO.:	244862	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,205,000	PRESENT USE:	Vacant land
TERMS:	All cash	UNIT RATE:	\$53.56 per SF land

CONFIRMED BY: Oanh Nguyen, subsequent listing agent

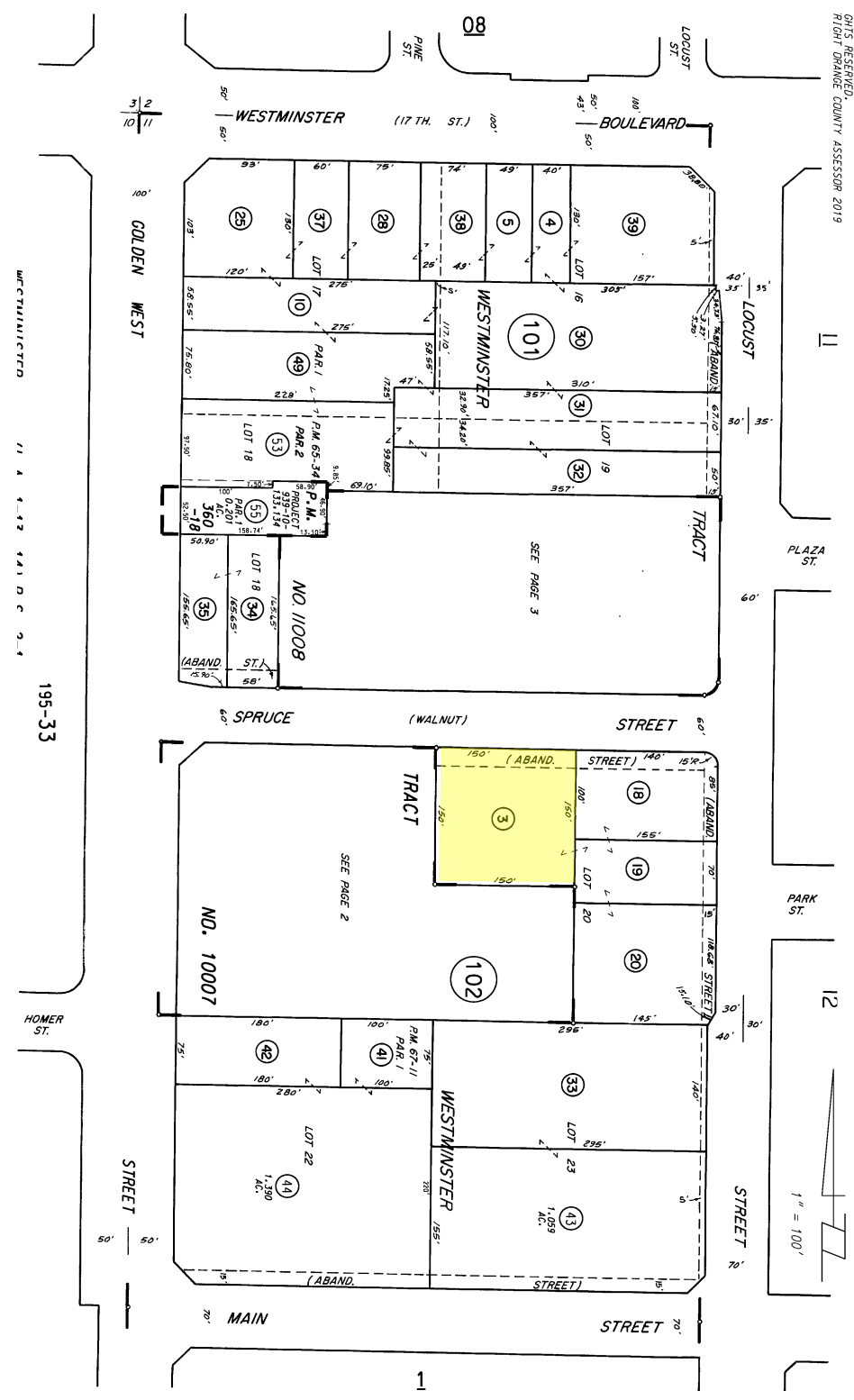
COMMENT: The property is improved with a single family residence containing 1,494 square feet, built in 1958, in poor condition; the property sold based on the value of the underlying land (site could support development of six multi-family units). The property was purchased by an investor who renovated the existing dwelling and leased it to a tenant, with plans to develop the site in the next year or two. The owner subsequently relisted the property for \$1,818,000 (\$80.80/sf), but received no offers on the listing.

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APN: 096-102-03

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MARKET DATA #3
13052 Nelson Street, Garden Grove



GRANTOR:	Justin Hoang and Jackie Hoang	APN:	099-081-28
GRANTEE:	Buchanan Family Trust	LAND SIZE:	4,356 square feet
SALE DATE:	December 17, 2020	ZONING:	GGMU-2 (Garden Grove Mixed Use-2)
DOC. NO.:	747263	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$305,000	PRESENT USE:	Vacant land
TERMS:	\$251,000 conventional	UNIT RATE:	\$70.02 per SF land

CONFIRMED BY: Tim Smith, broker

COMMENT: The property is a vacant land parcel and was marketed as a mixed commercial and residential site, allowing the development of two residential units. The buyer's plans are unknown

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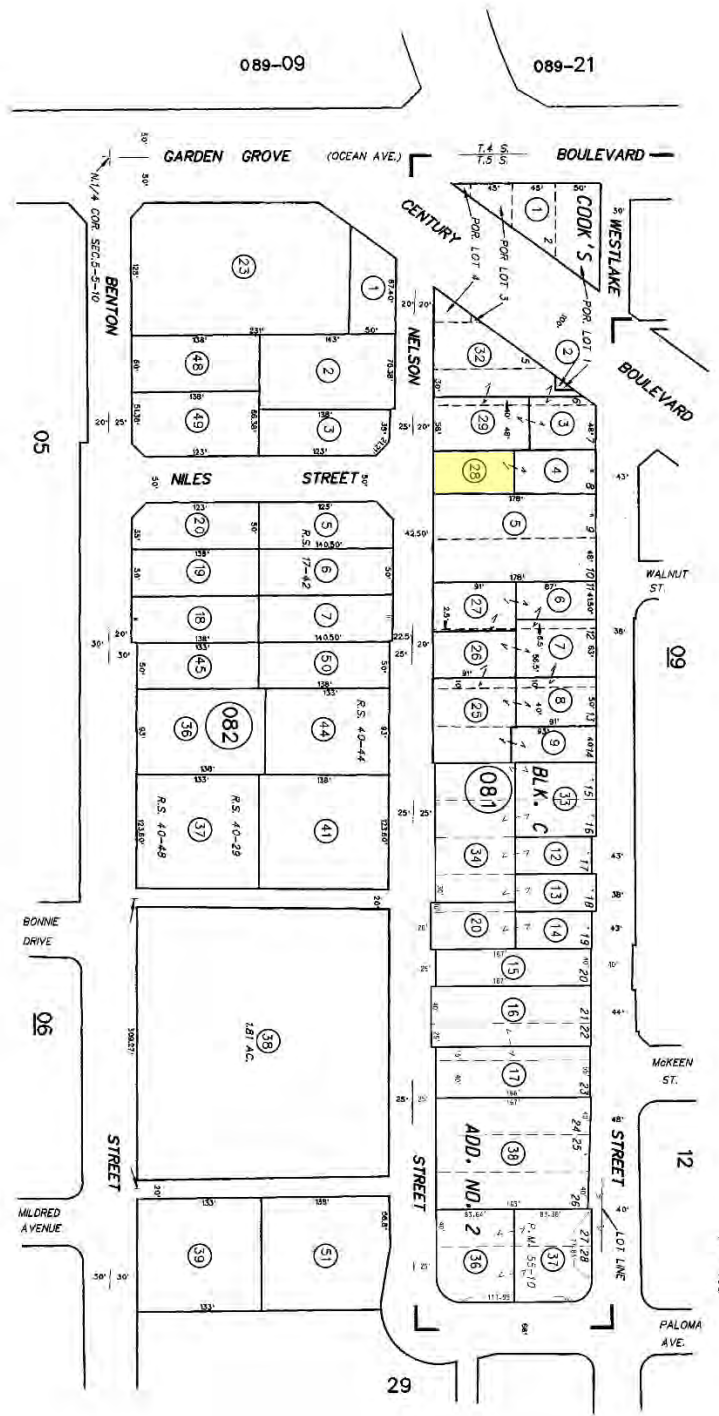
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APN: 099-081-28

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POR. W 1/2, NW 1/4, NE 1/4, SEC. 5, T 5 S, R 10 W

099-08



MARCH 1951

COOK'S ADD. NO. 2 M.M. B-19

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 099 PAGE 08 COUNTY OF ORANGE



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MARKET DATA #4

10761 Rose Street, Stanton



GRANTOR:	Crisostomo Z. Rodriguez	APN:	079-351-02
GRANTEE:	Long Nguyen and Linh Truong	LAND SIZE:	6,885 square feet
SALE DATE:	February 4, 2021	ZONING:	RL
DOC. NO.:	80323	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$375,000	PRESENT USE:	Construction phase
TERMS:	All cash	UNIT RATE:	\$54.47 per SF land

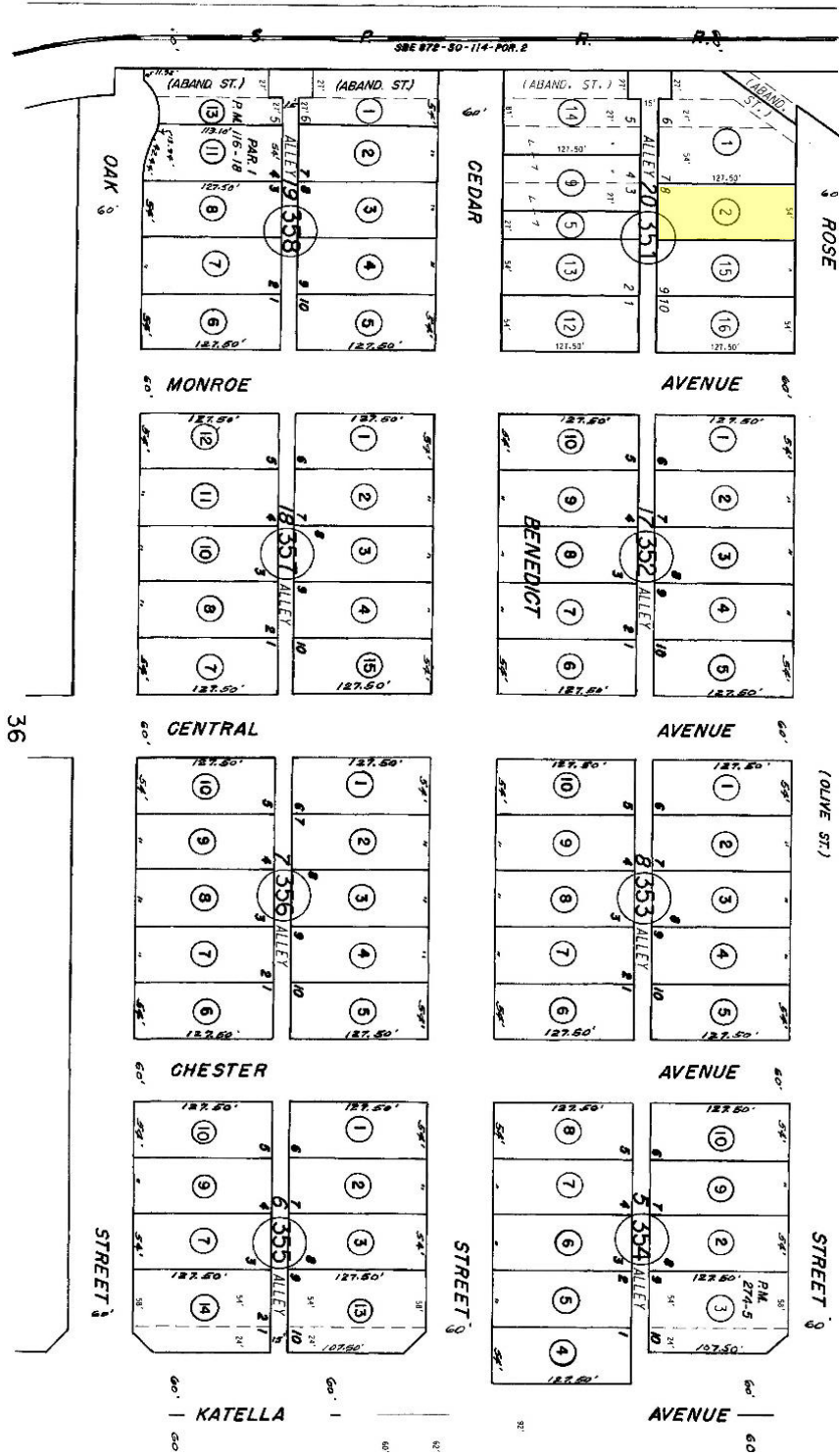
CONFIRMED BY: Long Van Nguyen, buyer

COMMENT: The property was improved with a "red-tagged" single family residence in dilapidated condition, which the buyer demolished, in order to make way for a new single family residence. Note that the property is located 100± feet away from an active railroad corridor.

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APN: 079-351-02



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MARKET DATA #5
5891 Stanton Avenue, Buena Park



GRANTOR:	Hung Hoang	APN:	066-184-26, 27
GRANTEE:	Hussein Abbood	LAND SIZE:	6,911 square feet
SALE DATE:	September 7, 2021	ZONING:	RS-6
DOC. NO.:	557946	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$470,000	PRESENT USE:	Vacant land
TERMS:	All cash	UNIT RATE:	\$68.01 per SF land

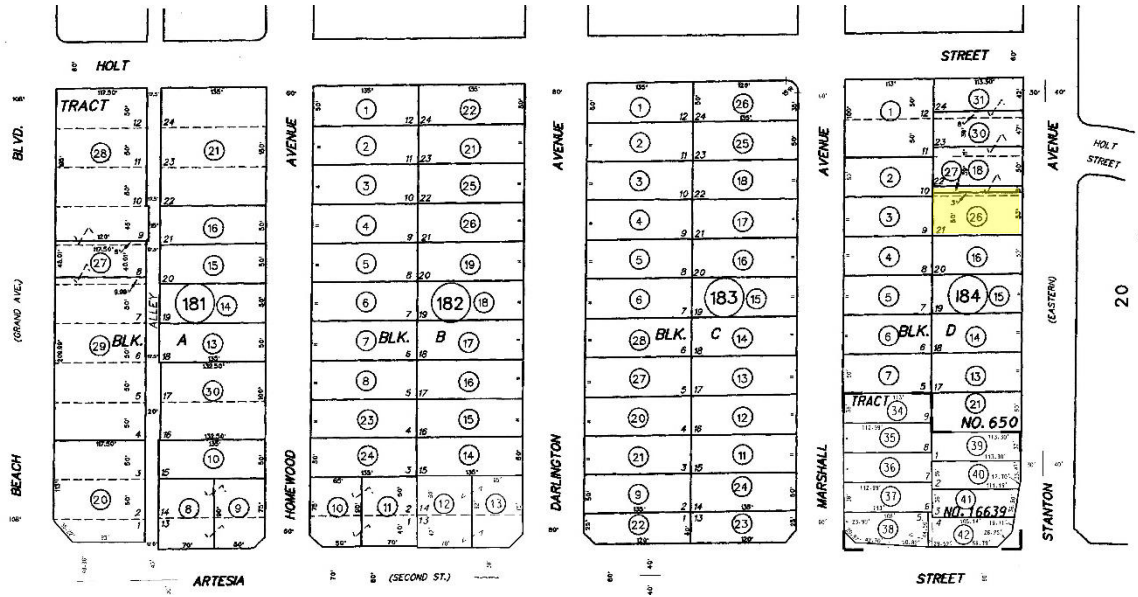
CONFIRMED BY: Tien Nguyen, listing agent

COMMENT: The property is a vacant land parcel. The property includes approved building plans to develop a single family residence containing 2,770 square feet, plus a three-car garage. The property previously sold for \$308,000, in January 2021, as unentitled land.

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APN: 066-184-26, 27



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MARKET DATA #6
4622 Watkins Way, Santa Ana



GRANTOR:	Michelle Mai	APN:	108-131-35
GRANTEE:	Hai T. Hoang	LAND SIZE:	14,350 square feet
SALE DATE:	September 9, 2021	ZONING:	R2
DOC. NO.:	564983	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$600,000	PRESENT USE:	Vacant SFR
TERMS:	All cash	UNIT RATE:	\$41.81 per SF land

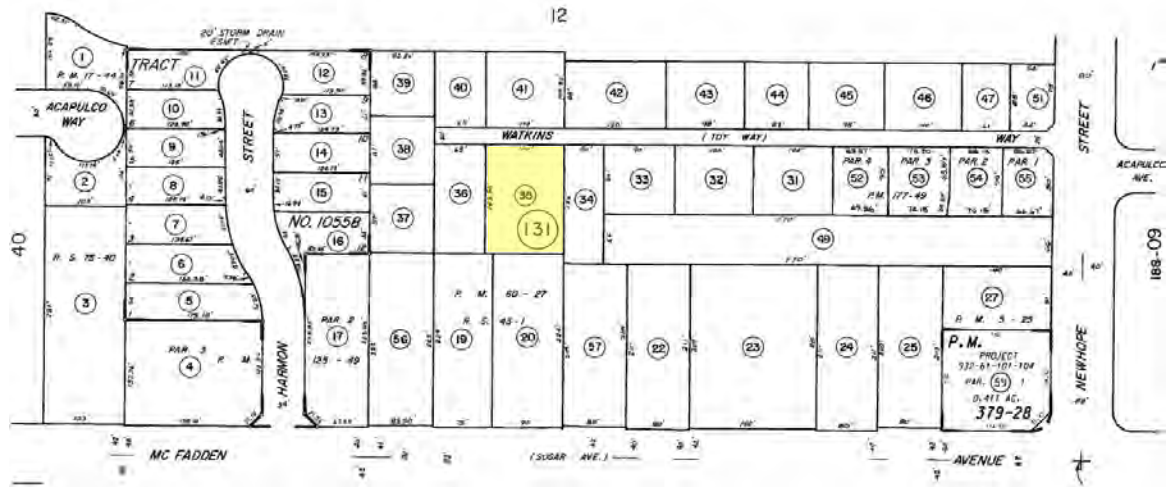
CONFIRMED BY: Richard Mohr, listing agent

COMMENT: The property is improved with an older single family residence in poor-dilapidated condition, which is current vacated. The property sold based on the underlying land value. Access is via Watkins Way, which is an effective alley.

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APN: 108-131-35

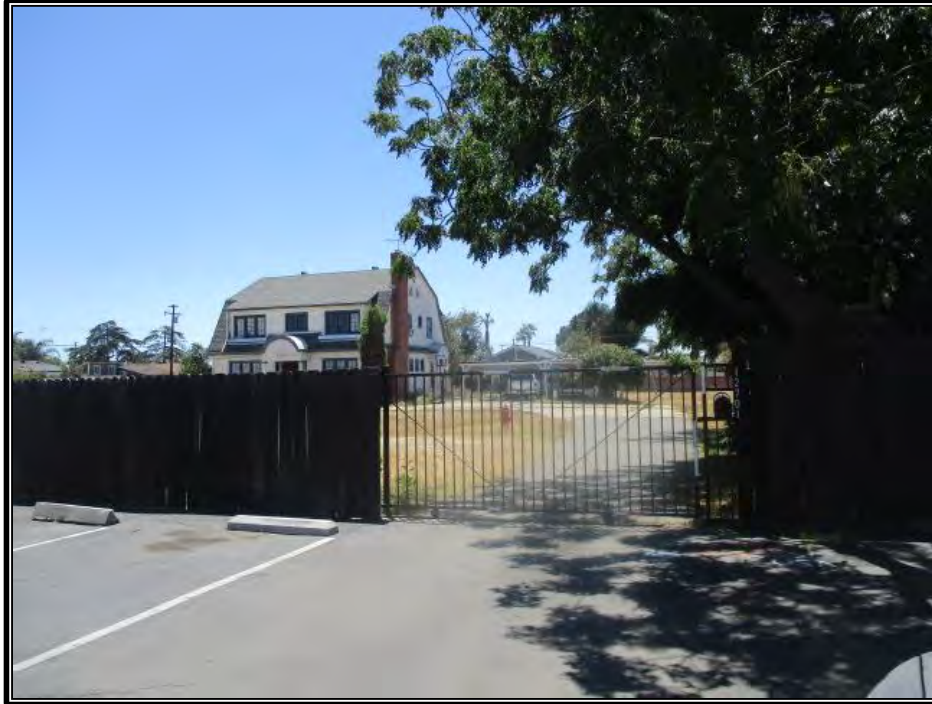


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MARKET DATA #7

12701 Buaro St. and 12722 Dungan Lane, Garden Grove



GRANTOR:	James and Elaine Eads	APN:	231-383-36,48
GRANTEE:	N.A.	LAND SIZE:	68,936 square feet
SALE DATE:	May 27, 2022	ZONING:	R2/R-1-7
DOC. NO.:	N.A.	TOPOGRAPHY:	Level
SALE PRICE:	\$\$3,100,000	PRESENT USE:	Vacant land
TERMS:	All cash to seller	UNIT RATE:	\$44.97 per SF land

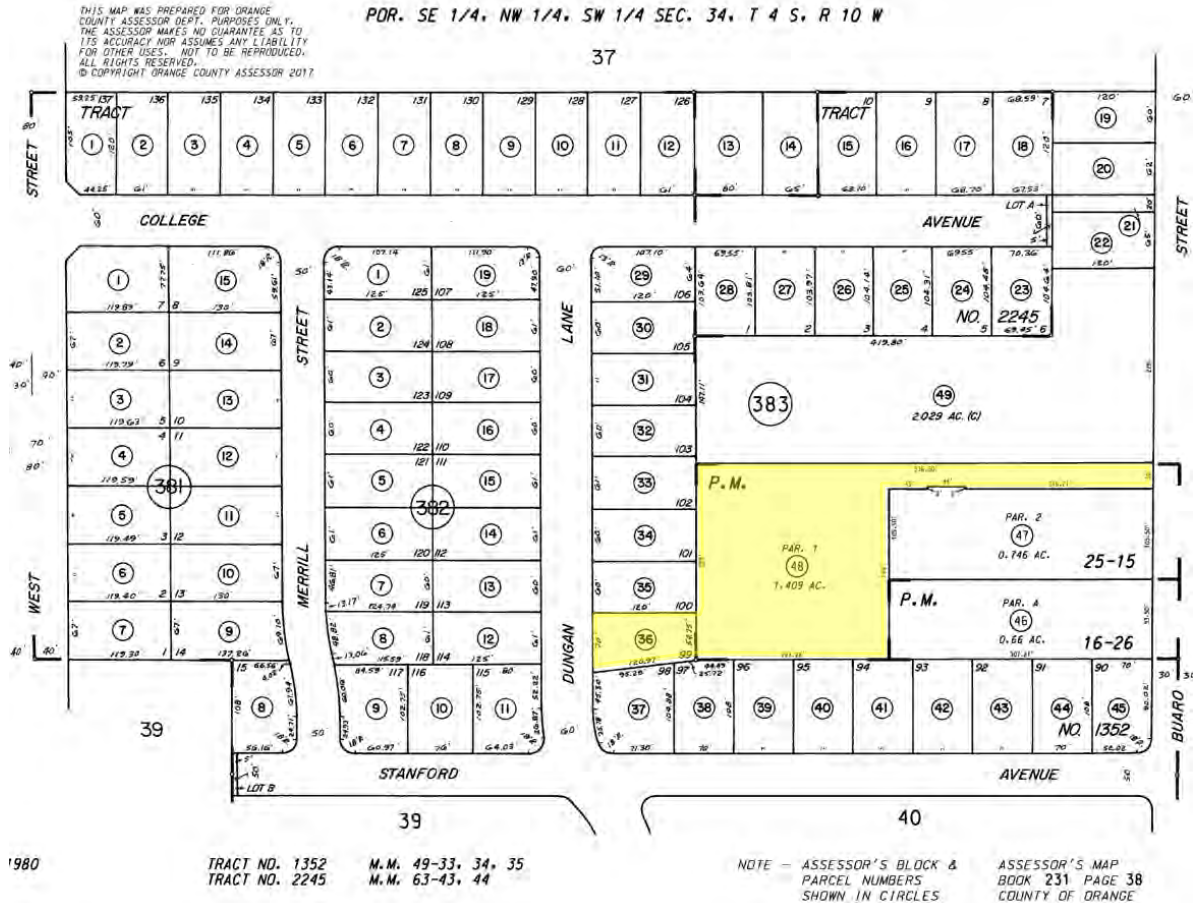
CONFIRMED BY: Woody Harper, listing agent

COMMENT: APN 231-383-36 is improved with a single family residence in fair condition, is zoned R-1-7, and contains 7,560 square feet of land area. APN 231-383-48 is improved with an older single family residence, is zoned R2, has a long and narrow access drive which is also utilized as ingress/egress easement serving adjacent parcels, and contains 61,376 square feet. The site was acquired by a developer. The sale date was confirmed with the broker, however recorded documents are not available through market data resources as of the date of the report.

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APN: 231-383-36,48



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MARKET DATA #8
8671 Oranewood Ave., Garden Grove



GRANTOR:	Lac Doc Duong	APN:	132-242-42
GRANTEE:	N.A.	LAND SIZE:	36,270 square feet
SALE DATE:	N.A.	ZONING:	R-1-7
DOC. NO.:	N.A.	TOPOGRAPHY:	Level
ASKING PRICE:	\$2,100,000	PRESENT USE:	Vacant land
TERMS:	N.A.	UNIT RATE:	\$57.90 per SF land

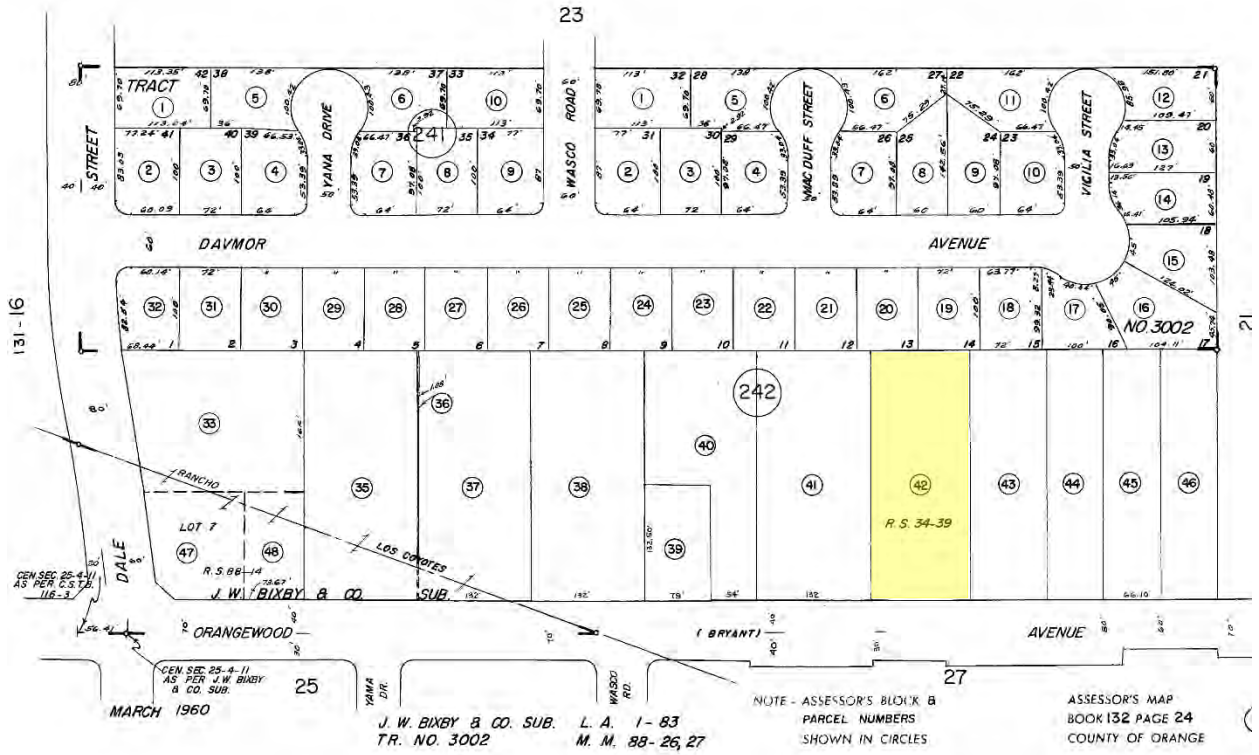
CONFIRMED BY: My Dam, listing agent

COMMENT: The property is unentitled vacant land and is currently listed for sale. The listing agent indicated that an offer had been received for around \$2,000,000, however, the seller is seeking the full listing price of \$2,100,000, and did not accept the offer. The seller acquired the property in April 2018 for \$1,050,000.

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& ASSOCIATES

APPRAISERS - ANALYSTS

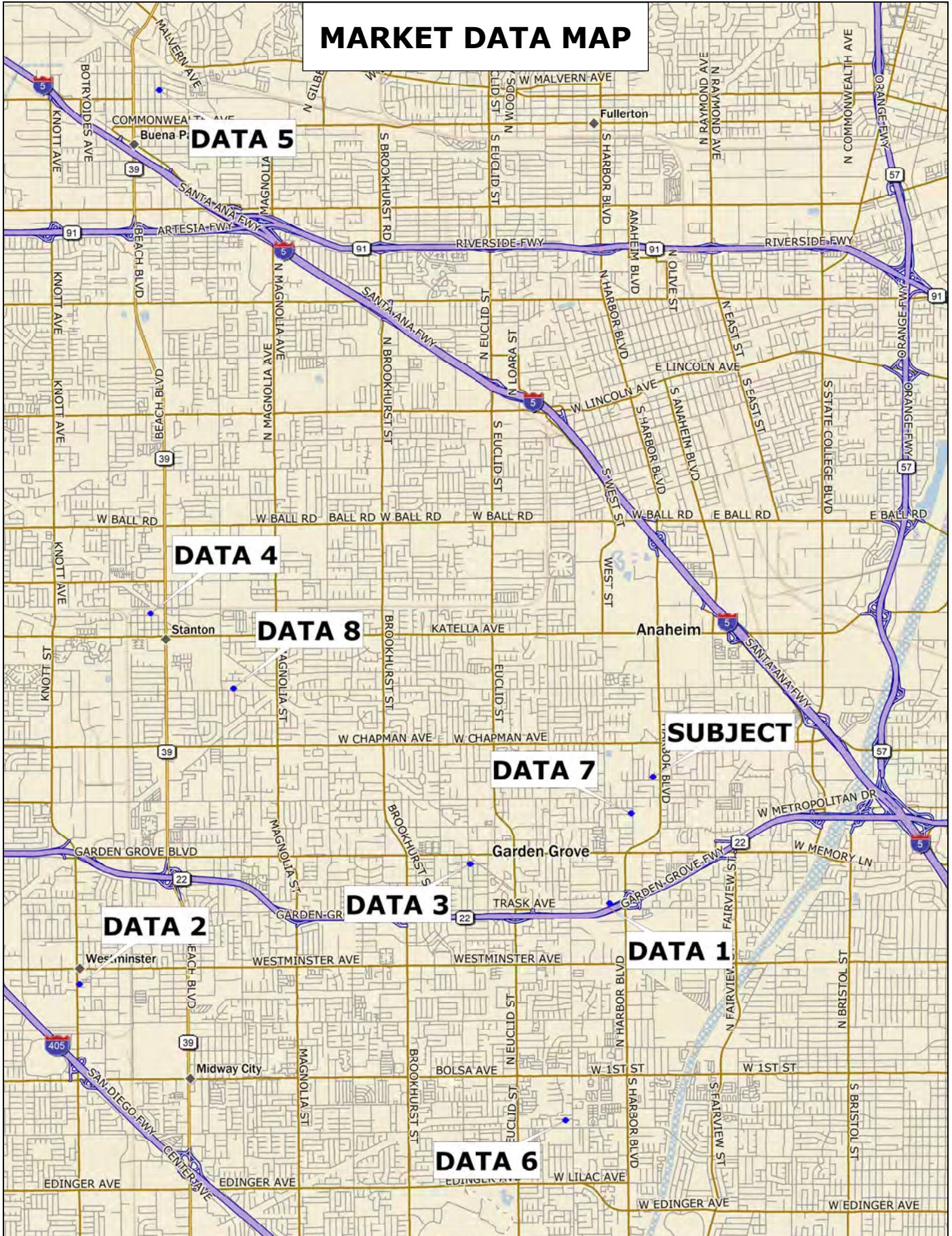
APN: 132-242-42



R. P. LAURAIN
& ASSOCIATES

APPRAISERS - ANALYSTS

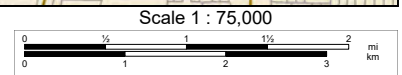
MARKET DATA MAP



Data use subject to license.

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www.delorme.com



1" = 1.18 mi

Data Zoom 11-4

ADDENDA

See Photo No. 1 on first page of Subject Property Description Section.



PHOTO NO. 2: View looking north along Thackery Drive.



PHOTO NO. 3: View looking east along Twintree Avenue.



PHOTO NO. 4: View looking west along Twintree Avenue.

**ORANGE COUNTY
REGIONAL DATA**

REGIONAL DATA

The value of real property is influenced by the attributes and utility of land and physical improvements, as well as inter-relationships of markets, demographic forces, transportation, government, environmental influences and other factors. Said factors influence the location and density of population distribution and activities in certain areas and regions over others.

ORANGE COUNTY REGION:

The County of Orange is located generally along the California coastline, between Los Angeles County and San Diego County. It occupies 798 square miles and has 42 miles of oceanfront. There are 33 cities and 13 unincorporated communities in the County. The climate is mild throughout the year with an average rainfall of 15 inches. The coastal region is subject to early morning fog, and as a result, sunshine is recorded about 60% of the year while farther inland this percentage increases to 80%. Mean temperatures range from 48° to 76° Fahrenheit.

The Orange County population has grown from 61,375 in 1920 to 216,224 in 1950, 487,701 in 1960, 1,420,386 in 1970, 1,932,700 in 1980, 2,410,556 in 1990, and 2,846,289 in 2000. According to the 2010 census, Orange County's population totaled 3,010,232. This was an increase of 163,943 or 4.76% over the County's 2000 census figure. The County's growth rate has averaged approximately 2% annually during the entire period.

The City of Santa Ana serves as the county seat and is the largest city in Orange County with a population of 334,227. The City of Anaheim rates as the second largest city with a population of 336,265. The race/ethnic make-up of Orange County is 60.8% white; 33.7% Hispanic; 18.2% Asian and Pacific Island; 1.7% black; 0.6% native American; 15.0% remainder.

Transportation in Orange County is provided for by a variety of means. John Wayne (Orange County) Airport, located in Newport Beach, is the county's only major airport; Long Beach Airport and Los Angeles International Airport, in Los Angeles County, are also frequently used by Orange County residents. Commercial seaport terminals are available in San Diego County, and Long Beach/Los Angeles harbors. Railroad services are provided by Atchison, Topeka and Santa Fe, National Amtrak, and Southern Pacific. There are approximately 600 trucking lines which operate in Southern California and that serve Orange County. Orange County is intersected by eight freeways and

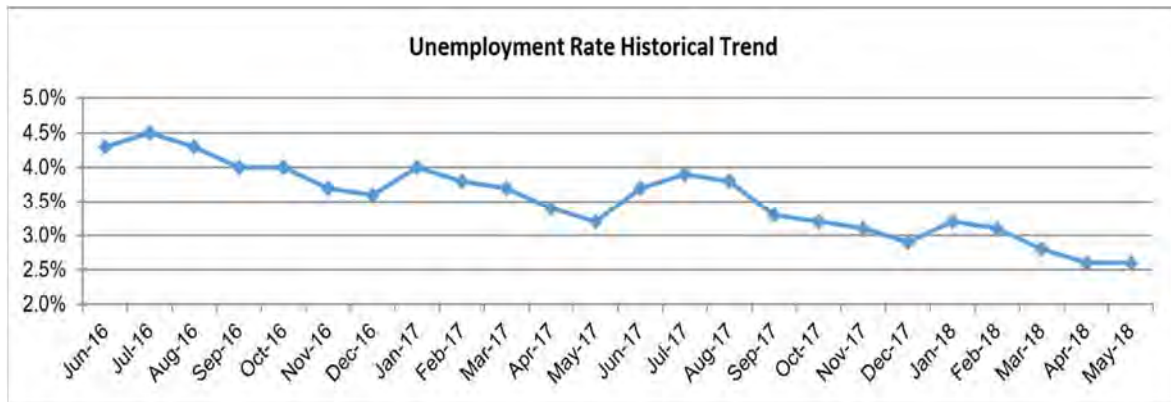
REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

numerous state highways. Bus transportation is provided for by Greyhound Lines, Southern California Rapid Transit District, and the Orange County Transit District.

Per the State of California Employment Development Department, please note the following:

The unemployment rate in the Orange County was approximately 2.6% in May of 2018, unchanged from the revised 2.6% in April of 2018, and below the year-ago estimate of 3.2 percent. This compares with an unadjusted unemployment rate of 3.7% for California and 3.6% for the nation during the same period.



Refer to the January 2018 metrics pertaining to the breakdown of employment, by industry, on the following page.

REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

Orange County Industry Employment Comparisons

Orange County Industry Employment	Dec-16	Nov-17	Dec-17	YoY % Change	MoM % Change
Professional & Business Services	300,600	304,400	308,400	2.6%	1.3%
Educational & Health Services	204,200	208,300	209,200	2.4%	0.4%
Leisure & Hospitality	211,100	219,700	220,900	4.6%	0.5%
Retail Trade	159,500	160,500	160,600	0.7%	0.1%
Government	164,000	161,900	160,300	-2.3%	-1.0%
Durable Goods Manufacturing	116,400	112,100	112,000	-3.8%	-0.1%
Financial Activities	119,300	117,800	118,200	-0.9%	0.3%
Construction	96,900	104,700	104,300	7.6%	-0.4%
Wholesale Trade	81,600	80,900	81,300	-0.4%	0.5%
Other Services	50,100	53,300	53,800	7.4%	0.9%
Nondurable Goods Manufacturing	40,700	39,400	39,700	-2.5%	0.8%
Transportation, Warehousing & Utilities	29,600	27,700	28,600	-3.4%	3.2%
Information	25,900	26,100	26,200	1.2%	0.4%
Mining and Logging	500	500	500	0.0%	0.0%

This indicator breaks down Orange County's employment by industry for the current month, comparing changes in employment levels since the previous month and the previous year.

Source: California Employment Development Department

REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

Per Zillow, in May 2018, the county's median sales price of existing homes (resale activity) was \$700,000. Condominium, duplex or townhouse style housing generally range in value from \$450,000 to \$550,000. Sales of condominium and townhouse development projects were extremely strong during the 1980s and early 1990s, especially in the first-time buyer market. There was a substantial decline in value of all types of properties within the greater Southern California region between 1991 and 1996. Overall housing prices declined between 20% and 40% between 1991 and 1997, depending primarily on location and value range.

Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits. In 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and were considered to be attributed to the first time home buyers tax credit. In 2013 residential property values resumed and upward trend with a slight increase in pricing and sales activity. The upward trend generally continued through 2017 and appears to have stabilized in recent months.

Orange County has experienced high levels of development within the past 25 years. Most of the acreage and undeveloped land parcels are located within the eastern and northeastern portion of the County. There are 143,915 acres dedicated for residential use, 25,115 acres dedicated for commercial use, and 112,112 acres of open space. Development intensity has increased near the coastline in southern Orange County, and parts of northern San Diego County. Development, however, between 1991 and 1997, and again between 2007 and 2010, was limited due to the lack of demand and construction financing; recent development is proceeding cautiously. The megalopolis predicted 35 years ago, between Los Angeles and San Diego, is in the developing stages.

**QUALIFICATIONS
OF
APPRAISER**

BACKGROUND AND QUALIFICATIONS

John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

The Appraisal Institute
MAI Designated Member

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single-family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and nonprofit facilities include, among others, seaport properties, airport properties (FBO, hangars, warehouse, office, land, etc.), submerged land, river rights-of-way, reservoirs, agricultural land, conservation/mitigation and wetland properties, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, hospitals, skilled nursing facilities, churches, meeting halls and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased fee, and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research, analysis and appraisal services performed on projects for various public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986. Following is a partial list of public agencies for which appraisal services have been provided:

Cities:

- | | | |
|------------------------|--------------------------|-----------------------------|
| City of Alhambra | City of Downey | City of Norwalk |
| City of Anaheim | City of El Monte | City of Oceanside |
| City of Artesia | City of El Segundo | City of Ontario |
| City of Arvin | City of Garden Grove | City of Palmdale |
| City of Azusa | City of Glendale | City of Palm Springs |
| City of Baldwin Park | City of Hawaiian Gardens | City of Paramount |
| City of Bell | City of Huntington Beach | City of Pasadena |
| City of Bell Gardens | City of Huntington Park | City of Perris |
| City of Bellflower | City of Industry | City of Redondo Beach |
| City of Beverly Hills | City of Inglewood | City of Riverside |
| City of Brea | City of Irwindale | City of Rosemead |
| City of Buena Park | City of Laguna Beach | City of San Juan Capistrano |
| City of Burbank | City of Laguna Woods | City of San Marino |
| City of Carson | City of Lakewood | City of Santa Ana |
| City of Cathedral City | City of La Mirada | City of Santa Fe Springs |
| City of Chino | City of Lawndale | City of Seal Beach |
| City of Chino Hills | City of Long Beach | City of Signal Hill |
| City of Compton | City of Los Alamitos | City of South El Monte |
| City of Corona | City of Los Angeles | City of South Gate |
| City of Covina | City of Monrovia | City of Tustin |
| City of Cudahy | City of Montebello | City of Upland |
| City of Cypress | City of Monterey Park | City of West Hollywood |
| City of Diamond Bar | City of Newport Beach | City of Whittier |

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Other Public and Quasi-Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
California High Speed Rail Authority
Caltrans
Castaic Lake Water Agency
Hawthorne School District
Kern County
Long Beach Community College District
Long Beach Airport
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Department of Beaches and Harbors
Los Angeles County Chief Executive Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Los Angeles County Public Works
Los Angeles Unified School District
Los Angeles World Airports
Lynwood Unified School District
Orange County Transportation Authority
Orange County Public Works
Orange County Counsel
Port of Hueneme
Port of Long Beach
Port of Los Angeles
Riverside County Transportation Commission
San Bernardino County
Southern California Edison
State of California, Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.:

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

BACKGROUND AND QUALIFICATIONS (Continued)

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness Orange County Superior Court.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services in the Counties of Los Angeles and Orange.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino and Riverside County Superior Courts.

ACADEMIC BACKGROUND:

Cypress Community College - Basic curriculum.

Long Beach Community College - Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

- Fundamentals of Real Estate Appraisal
- Appraisal Principles and Techniques
- California Real Estate Principles
- Real Estate Appraisal: Residential
- California Real Estate Economics
- Basic Income Capitalization Approach
- Advanced Income Capitalization Approach
- Advanced Market Analysis and Highest & Best Use
- Advanced Applications
- Advanced Concepts and Case Studies
- Quantitative Analysis
- Eminent Domain and Condemnation
- Complex Properties
- Real Estate Escrow
- California Real Estate Law
- Uniform Standards of Professional Appraisal Practice
- Federal and State Laws and Regulations
- Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
- Valuation of Conservation Easements

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attn: City Clerk's Office

DOCUMENTARY TRANSFER TAX \$ NONE

The undersigned hereby declares this Instrument to be exempt from Recording Fees (Govt. Code §§ 6103 and 27383) and Documentary Transfer Tax (Rev. & Tax. Code §11922).

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the **CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor to the former Garden Grove Agency for Community Development ("Former Agency" or "Grantor"), hereby **GRANTS** to the **DEVELOPER**, a private corporation ("Developer" or "Grantee"), the real property in the County of Orange, State of California, described in the legal description attached hereto as Attachment No. 1 and incorporated herein.

"GRANTOR":

**CITY OF GARDEN GROVE AS SUCCESSOR
AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNIT DEVELOPMENT**
a public body, corporate and politic

By: _____
Scott C. Stiles, Executive Director
or Authorized Designee

**EXHIBIT A TO GRANT DEED
LEGAL DESCRIPTION**

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

LOT 36, TRACT NO. 2148, AS SHOWN PER MAP FILED IN BOOK 58, PAGES 46, 47, AND 48 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF ORANGE, STATE OF CALIFORNIA.

APN: 231-471-23



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 _____)

On _____ before me, _____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

CERTIFICATE OF ACCEPTANCE
Grant Deed to the Developer

This is to certify that the interests in certain real property conveyed under the foregoing **GRANT DEED** dated as of _____, 2022 as granted by **THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor to the former Garden Grove Agency for Community Development (“Former Agency” or “Grantor”), to the **DEVELOPER**, a private corporation (“Developer” or “Grantee”), is hereby accepted by the undersigned officer or agent on behalf of the Developer pursuant to joint action by the City Council and the Former Agency on September 13, 2022 and the Developer consents to recordation of this Grant Deed by its duly authorized officer.

Dated: _____, 2022

SUCCESSOR AGENCY
a municipal corporation

By: _____
Scott Stiles, Executive Director
or Authorized Designee

ATTEST:

Teresa Pomeroy, Successor Agency Secretary
or Authorized Designee

GARDEN GROVE SUCCESSOR AGENCY

RESOLUTION NO. 72-22

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY IN ACCORDANCE WITH THE LONG RANGE PROPERTY MANAGEMENT PLAN AND DISSOLUTION LAW

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code ("HSC"), and the successor to the former Garden Grove Agency for Community Development ("Former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL");

WHEREAS, Assembly Bill x1 26 to Part 1.8 Section 34160, *et seq.* and Part 1.85 Section 34170, *et seq.* to Division 24 of the HSC, which laws as enacted and thereafter amended caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies (together, as amended, "Dissolution Law"); and

WHEREAS, as of February 1, 2012 the Former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by the oversight board ("Oversight Board") and review and approval of actions by the State of California, Department of Finance ("DOF"); and

WHEREAS, HSC Section 34191.5(b) required the Successor Agency to prepare a "long-range property management plan" ("LRPMP") addressing the future disposition and use of all real property assets of the Former Agency no later than six months following the issuance to the Successor Agency of a finding of completion by DOF pursuant to HSC Section 34179.7; and

WHEREAS, DOF issued a finding of completion to the Successor Agency on May 15, 2013; and

WHEREAS, the Successor Agency prepared the LRPMP that was approved by the Successor Agency, the Oversight Board, and the DOF; and

WHEREAS, in the LRPMP that certain real property listed on line 55 of the matrix attached to the LRPMP is located at 12311 Thackery Drive, and identified as Assessor Parcel No. 231-471-23 ("Property"); and

WHEREAS, the Property is designated in the LRPMP as real property to be sold by the Successor Agency; and

WHEREAS, the Successor Agency desires to sell and transfer the Property to Newage Garden Grove II LLC ("Developer") for the purchase price of the appraised value of \$460,000; and

WHEREAS, the sale and disposition of the Property by the Successor Agency to the Developer complies with the Dissolution Law, LRPMP, CRL, and other applicable provisions of the law; and

NOW, THEREFORE, BE IT RESOLVED THAT THE SUCCESSOR AGENCY TO GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT does hereby resolve as follows:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Successor Agency approves and authorizes the sale and disposition of the Property in accordance with the approved LRPMP for the purchase price of \$460,000.00, which is the appraised fair market value of the Property.

Section 3. The Executive Director and Secretary of the Successor Agency are authorized to prepare and sign all documents necessary to implement the sale and disposition of the Property to the Developer, subject to Section 5 below.

Section 4. The Executive Director of the Successor Agency shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 5. The Successor Agency Director is hereby directed to transmit this Resolution to the DOF.

Adopted this 13th day of September 2022.

ATTEST:

/s/ STEVE JONES
CHAIR

/s/ TERESA POMEROY
SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, Secretary of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was duly adopted by the Successor Agency, at a meeting held on the 13th day of September 2022, by the following vote:

AYES: MEMBERS: (6) BRIETIGAM, BUI, NGUYEN D., KLOPFENSTEIN,
NGUYEN K., JONES
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (1) O'NEILL

/s/ TERESA POMEROY
SECRETARY

Orange Countywide Oversight Board

Agenda Item No. 11

Date: 9/20/2022

From: Staff to the Orange Countywide Oversight Board

Subject: Special Meeting on or After October 19, 2022 for Discussion of Disposition of La Habra Successor Agency Asset (APN: 018-381-64)

Recommended Action:

Schedule special meeting on or after October 19, 2022 for discussion of disposition of La Habra Successor Agency asset (APN: 018-381-64) and direct Chairman to issue an appropriate call and notice in consultation with Oversight Board staff

The Second Revised Long-Range Property Management Plan (LRPMP) for the La Habra Successor Agency was approved by the then-La Habra Oversight Board on July 30, 2015 and the State Department of Finance on September 11, 2015. The LRPMP specified that APN 018-381-64 would be sold. That asset is a parking lot parcel located in the City of La Habra at the northside of West Imperial Highway and east of South Beach Boulevard. The 2.84-acre parcel serves as a portion of the parking lot of the La Habra Marketplace shopping center.

At a special meeting on June 2, 2022, the Orange Countywide Oversight Board approved Resolution No. 22-026, which directed the La Habra Successor Agency to take actions for the sale of this final asset. The resolution set a deadline of October 18, 2022 for the La Habra Successor Agency to either:

- Declare the property as exempt surplus land, and complete a process, in good faith, to solicit proposals from interested parties regarding the sale of the Property and provide a report on the result of such solicitation at the next Countywide Oversight Board meeting.
- Not declare the property exempt surplus land, and commence the process required by the State Department of Housing and Community Development for the sale of this parcel pursuant to the Surplus Land Act and provide a report to the Countywide Oversight Board by March 1, 2023, of the proceedings pursuant to the Surplus Land Act.

As reported at the July 19, 2022, Oversight Board meeting, the resolution was transmitted to the State Department of Finance (DOF), which responded with a letter on June 29, 2022, addressed to La Habra with a copy to the Oversight Board specifying that DOF need not take action on the resolution since DOF determined the resolution is an action to “implement the disposition of property pursuant to an approved LRPMP” because the LRPMP governs that disposition and the Oversight Board “action related to an approved LRPMP should be consistent therewith.”

A special meeting scheduled on or after October 19, 2022, will allow the Oversight Board to receive an update on the La Habra Successor Agency asset, and, if necessary, issue direction regarding the disposition of the asset.

The policies and procedures of the Countywide Oversight Board specify: “Special meetings for the purpose of transacting any business specified in the call and notice for the meeting may be held upon the call of the Chair, the Auditor-Controller, or of any three Members of the COB.” As the business transacted at the special meeting may be affected by which course of action the La Habra Successor Agency takes, staff recommends that the call and notice be issued by the Chair closer to the date of the meeting in order to determine the appropriate business to be noticed.