

**LOCATION:**

El Monte City Hall – East  
City Council Chambers  
11333 Valley Boulevard  
El Monte, CA 91731



**DATE AND TIME:**

Wednesday,  
August 14, 2019  
6:00 p.m.

# **CONCURRENT SPECIAL MEETING AGENDA OF THE CITY COUNCIL OF THE CITY OF EL MONTE**

MEETING JOINTLY AND REGULARLY WITH THE EL MONTE HOUSING AUTHORITY; EL MONTE PUBLIC FINANCING AUTHORITY; EL MONTE WATER AUTHORITY; EL MONTE PARKING AUTHORITY; SUCCESSOR AGENCY TO THE FORMER EL MONTE COMMUNITY REDEVELOPMENT AGENCY; HOUSING SUCCESSOR AGENCY; AND, FROM TIME TO TIME, SUCH OTHER BODIES OF THE CITY WHOSE MEMBERSHIP IS COMPOSED EXCLUSIVELY OF THE MEMBERSHIP OF THE CITY COUNCIL

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**COUNCILMEMBERS/AUTHORITY MEMBERS:**

*Andre Quintero, Mayor*

*♦ Jerry Velasco, Mayor Pro Tem ♦ Jessica Ancona, Councilmember*

*♦ Victoria Martinez Muela, Councilmember ♦ Maria Morales, Councilmember*

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**1. CALL TO ORDER:**

**2. ROLL CALL FOR CITY COUNCIL AND AUTHORITY BODIES:**

*Andre Quintero, Mayor/Chair*

*Jerry Velasco, Mayor Pro Tem/Authority Member*

*Jessica Ancona, Councilmember/Authority Member*

*Victoria Martinez Muela, Councilmember/Authority Member*

*Maria Morales, Councilmember/Authority Member*

**3. APPROVAL OF AGENDA:**

**City Council Concurrent Special Meeting of August 14, 2019**

**4. INVOCATION:**

**5. FLAG SALUTE:**

**6. CLOSED SESSION (6:00 p.m. – 7:00 p.m.):**

**6.1 Closed Session Pursuant to Government Code Section 54956.9(d)(1) – Conference with Legal Counsel – Existing Litigation Regarding the Following Matter: El Rovia vs. City of El Monte, Court Appeal, Second Appellate District Case No. B288134.**

**7. SPECIAL MEETING PUBLIC COMMENT REGARDING AGENDIZED MATTERS ONLY:**

As provided under **Government Code Section 54954.3**, this time has been set aside for persons in the audience to provide comment or make inquiries on matters appearing on this **Special Meeting agenda only**. Although no person is required to provide their name and address as a condition to attending a meeting, persons who wish to address the body are asked to state their name and address. Each speaker will be limited to three (3) continuous minutes. Speakers may not lend any portion of their speaking time to other persons or borrow additional time from other persons. All comments or queries presented by a speaker shall be addressed to the body as a whole and not to any specific member thereof. No questions shall be posed to any member of the body except through the presiding official of the meeting, members of the body are under no obligation to respond to questions posed by speakers but may provide brief clarifying responses to any comment made or questions posed. The body may not engage in any sort of prolonged discussion or deliberation with any speaker or group of speakers on matters that are not listed on this Special Meeting agenda.

*Enforcement of Decorum:* The Chief of Police of the City of El Monte, or such member, or members of the Police Department as the Chief of Police may designate, shall serve as the Sergeant-at-Arms of the meeting. The Sergeant-at-Arms shall carry out all orders and instructions given by the presiding official for the purpose of maintaining order and decorum at the meeting. While members of the public are free to level criticism of policies and the action(s) or proposed action(s) of the body or its members, members of the public may not engage in behavior that is disruptive to the orderly conduct of the proceedings, including, but not limited to, conduct that prevents other members of the public from being heard when it is their opportunity to speak or which prevents members of the audience from hearing or seeing the proceedings. Members of the public may not threaten any person with physical harm or act in a manner that may reasonably be interpreted as an imminent threat of physical harm. All persons attending the meeting must adhere to policies barring harassment based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, sexual orientation or age.



**City Council Concurrent Special Meeting of August 14, 2019**

**8. REGULAR AGENDA:**

- 8.1 Consideration and Approval of a Resolution Making Findings and Offering Certain Financial Assistance in Support of the Application of Newport Partners, LLC and Its Affiliates for the California Department of Housing and Community Development's Multifamily Housing Notice of Funding Availability 2019 (Round 1) for its Proposed Development of a 51-Unit Affordable Rental Housing Project at 3456 and 3454 Tyler Avenue and 11016 Ramona Boulevard and Authorizing an Amended and Restated Exclusive Negotiation Agreement with the Newport Partners, LLC and its Affiliates for Such Metro Point Housing Project.**

**RECOMMENDATION OF BUSINESS ITEM UNDER CONSIDERATION:**

It is recommended that the City Council:

1. Receive presentation from staff; and
2. Consider and approve the proposed Resolution by no less than three (3) affirmative votes.

Total Cost: N/A

Account No: N/A

Is the cost of this item budgeted? N/A

Resolution No. 10030

**9. ADJOURNMENT:**

The next Regular Meeting of the City Council will be held on **August 20, 2019** at 6:00 p.m. This Agenda will be posted on the City's website, [www.ci.el-monte.ca.us](http://www.ci.el-monte.ca.us), and physically posted no less than 72 hours prior to the start of the subject regular meeting. Although it is the City's practice and desire to electronically post a copy of this Agenda along with supporting material as part of its website posting, the size or formatting of certain supporting materials may render their website posting infeasible. Nevertheless, all supporting materials related to any item on this Agenda, that is made available to the members of the council may be inspected by members of the public at the City Clerk's Office located at 11333 Valley Boulevard, El Monte, Monday through Thursday, 7:00 am – 5:30 pm. For more information, please call the City Clerk's Office at 626-580-2016.

All public meetings and events sponsored or conducted by the City of El Monte are held in sites accessible to persons with disabilities. Requests for accommodations may be made by calling the office of the City Clerk at (626) 580-2016 at least three (3) working days prior to the event, if possible. This Agenda and copies of documents distributed at the meeting are available in alternative formats upon request.

*Posted: August 13, 2019 at 5:30 p.m.*





# CITY OF EL MONTE

COMMUNITY AND ECONOMIC  
DEVELOPMENT DEPARTMENT  
CITY COUNCIL AGENDA REPORT

CITY COUNCIL MEETING OF AUGUST 13, 2019

August 13, 2019

The Honorable Mayor and City Council  
City of El Monte  
11333 Valley Boulevard  
El Monte, CA 91731

Dear Mayor and City Council:

**CONSIDERATION AND APPROVAL OF A RESOLUTION MAKING FINDINGS AND OFFERING CERTAIN FINANCIAL ASSISTANCE IN SUPPORT OF THE APPLICATION OF NEWPORT PARTNERS, LLC AND ITS AFFILIATES FOR THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S MULTIFAMILY HOUSING NOTICE OF FUNDING AVAILABILITY 2019 (ROUND 1) FOR ITS PROPOSED DEVELOPMENT OF A 51-UNIT AFFORDABLE RENTAL HOUSING PROJECT AT 3456 AND 3454 TYLER AVENUE AND 11016 RAMONA BOULEVARD AND AUTHORIZING AN AMENDED AND RESTATED EXCLUSIVE NEGOTIATION AGREEMENT WITH THE NEWPORT PARTNERS, LLC AND ITS AFFILIATES FOR SUCH METRO POINT HOUSING PROJECT**

## **IT IS RECOMMENDED THAT THE CITY COUNCIL:**

1. Receive presentation from staff; and
2. Consider and approve the proposed Resolution (see Attachment 1) by no less than three (3) affirmative votes.

## **BACKGROUND**

Between July 2008 and March 2010, the former El Monte Community Redevelopment Agency (the "Former CRA") purchased three parcels on the southeasterly corner of Ramona Boulevard and Tyler Avenue (the "Site") in the City of El Monte (the "City") which comprise approximately 0.8 acres of land. The Former CRA utilized low and moderate income housing set-aside funds (13.043%) and the proceeds of a loan from the City of Proposition C local return funds (86.957%) to purchase the Site as an enhanced transit stop and mixed-used residential Site.

Pursuant to the approval by the Department of Finance of the housing asset transfer

request of the Former CRA, title to the Site is now vested in the City as the Housing Successor Agency to the Former CRA. The Site is zoned SP-4 (Monte Vista Sub-area) within the Downtown Transit-Oriented District Specific Plan. One of the busiest transit routes and bus stops within the City abuts the northern portion of the Site along Ramona Boulevard.

On February 6, 2017, the City released a request for proposals regarding the development of affordable housing on the Site with a focus on a transit-oriented lifestyle. After the City's receipt of five proposals on April 3, 2017, a panel of City officials conducted two rounds of interviews with proposed developers on the Site in June and August 2017. On September 20, 2017, the panel selected Newport Partners, LLC as the affordable housing developer for the Site. On October 17, 2017, the City Council authorized an exclusive negotiation agreement ("ENA") between the City and the Developer to assess the feasibility of the development of affordable housing on the Site, also known as the Metro Point Project (the "Housing Project").

On October 9, 2018, the El Monte Planning Commission (the "Planning Commission") conducted a duly noticed public hearing and unanimously approved development entitlements for the 51-unit affordable Housing Project, including Tentative Parcel Map No. 82313, Design Review No. 08-18, Density Bonus No. 01-18, and Modification No. 23-18, pursuant to Planning Commission Resolution No. 3522. The Planning Commission's October 9, 2018 approval of its Planning Commission Resolution No. 3522 included a determination that the Housing Project is exempt from:

- the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) under the affordable housing project exemption and CEQA Guidelines Section 15195 pursuant to the infill housing exemption; and
- the National Environmental Policy Act ("NEPA") pursuant to the environmental assessment attached to the report presented by staff to the Planning Commission at its public hearing. (40 C.F.R. 1508.4.)

On October 16, 2018, the City Council adopted "Inducement" Resolution No. 9914 declaring the City's intention to reimburse Housing Project expenditures from the proceeds of tax-exempt affordable multi-family revenue bonds for the Housing Project. At its same October 16, 2018 meeting, the City Council adopted City Council Resolution No. 9915 authorizing the extension of the term of the ENA through September 1, 2019 and directing certain associated Housing Project support for L.A. County Community Development Commission Notice of Funding Availability 24 and related actions and documentation.

On February 5, 2019, the City Council adopted Resolution No. 9948 in support of an application for funding Notice of Funding Availability ("NOFA") 2017-18 (Round 4) by the Developer and its affiliates Ramona Metro Point, L.P. and Domus GP, LLC (collectively, the "Affiliates") assist with financing for the construction and development of Housing Project and construction and implementation of related Sustainable Transportation

Infrastructure Improvements.

The Developer now seeks to apply for funds under 2019 Round 1 of the Multifamily Housing Program ("MHP") through the NOFA dated June 19, 2019 and amended on August 1, 2019 from the California Department of Housing and Community Development ("State HCD"). The goal of the MHP is to assist with the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households.

## **DISCUSSION**

The proposed Resolution (Attachment 1) would approve both an Amended and Restated Exclusive Negotiating Agreement ("Amended and Restated ENA") and Financing Assistance Letter on behalf of the City.

### *Amended and Restated ENA*

The Amended and Restated ENA authorizes an extension of the negotiation period for the City and Developer to negotiate an agreement for the disposition of the Site and development of the Housing Project. Specifically, the Amended and Restated ENA would extend the negotiation period through April 1, 2020. It would be subject to optional City termination should State HCD fail to announce an award of a loan for the Housing Project of not less than \$3,900,000 or if the County of Los Angeles fails to announce an award of its No Place Like Home funding for the Housing Project of not less than \$5,520,000 on or before December 31, 2019.

### *Financing Assistance Letter*

Under the Financing Assistance Letter proposed for approval with the proposed Resolution, the City offers the Developer two primary financial assistance components:

1. a land acquisition mortgage loan in an amount to later be confirmed through a mutually acceptable appraisal of the Site (currently estimated at \$2,140,000); and
2. an affordable housing development loan in the maximum principal amount of \$630,000.

## **CEQA/ENVIRONMENTAL**

The Planning Commission's October 17, 2017 approval of its Resolution No. 3522 included a determination that the Housing Project is exempt from:

- the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) under the affordable housing project exemption and CEQA Guidelines Section 15195 pursuant to the infill housing exemption; and

- the National Environmental Policy Act ("NEPA") pursuant to the environmental assessment attached to the report presented by staff to the Planning Commission at its public hearing. (40 C.F.R. 1508.4.)

### **FISCAL IMPACT/FINANCING**

The financial assistance proposed in the attached Resolution would assist with the acquisition, construction, and permanent financing for the Housing Project for a term of 55 years after the project's improvement completion. A rate of 3% annual interest would apply with accrual beginning at disbursement. It would consist of a land acquisition mortgage loan in an amount to later be confirmed through a mutually acceptable appraisal of the Site (currently estimated at \$2,140,000) and an affordable housing development loan in the maximum principal amount of \$630,000. Repayment would be made through "residual receipts" from the Housing Project and collateral would be secured through two separate deeds of trust, one for land acquisition and the other for development. Among other valid grounds, the Financing Assistance Letter may be terminated upon termination of the Amended and Restated ENA.

### **CONCLUSION**

It is recommended that the City Council consider and approve the proposed Resolution (see Attachment 1) by no less than three (3) affirmative votes.

Respectfully submitted,

ALEX HAMILTON  
City Manager

ALMA K. MARTINEZ  
Assistant City Manager

BETTY DONAVANIK  
Community and Economic Development Director

Attachment:

1. Resolution with ENA and Financing Assistance Letter attached thereto

DATE: August 13, 2019
PRESENTED TO EL MONTE CITY COUNCIL
<input type="checkbox"/> APPROVED
<input type="checkbox"/> DENIED
<input type="checkbox"/> PULLED
<input type="checkbox"/> RECEIVE AND FILE
<input type="checkbox"/> CONTINUED
<input type="checkbox"/> REFERRED TO
CHIEF DEPUTY CITY CLERK



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION MAKING FINDINGS AND OFFERING CERTAIN FINANCIAL ASSISTANCE IN SUPPORT OF THE APPLICATION OF NEWPORT PARTNERS, LLC AND ITS AFFILIATES FOR THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S MULTIFAMILY HOUSING NOTICE OF FUNDING AVAILABILITY 2019 (ROUND 1) FOR ITS PROPOSED DEVELOPMENT OF A 51-UNIT AFFORDABLE RENTAL HOUSING PROJECT AT 3456 AND 3454 TYLER AVENUE AND 11016 RAMONA BOULEVARD AND AUTHORIZING AN AMENDED AND RESTATED EXCLUSIVE NEGOTIATION AGREEMENT WITH THE NEWPORT PARTNERS, LLC AND ITS AFFILIATES FOR SUCH METRO POINT HOUSING PROJECT**

WHEREAS, between July 2008 and March 2010, the former El Monte Community Redevelopment Agency (the "Former CRA") purchased three parcels on the southeasterly corner of Ramona Boulevard and Tyler Avenue (the "Site") in the City of El Monte (the "City") which comprise approximately 0.8 acres of land;

WHEREAS, the Former CRA utilized low and moderate income housing set-aside funds (13.043%) and the proceeds of a loan from the City of Proposition C local return funds (86.957%) to purchase the Site as an enhanced transit stop and mixed-used residential Site;

WHEREAS, pursuant to the approval by the Department of Finance of the housing asset transfer request of the Former CRA, title to the Site is now vested in the City of El Monte as the Housing Successor Agency to the Former CRA;

WHEREAS, on February 6, 2017, the City released a request for proposals regarding the development of affordable housing with a focus on a transit-oriented lifestyle. After the City's receipt of five proposals on April 3, 2017, a panel of City officials conducted two rounds of interviews in June and August 2017;

WHEREAS, on September 20, 2017, the panel selected Newport Partners, LLC (the "Developer") as the affordable housing developer for the Site;

WHEREAS, on October 17, 2017, the City Council authorized an exclusive negotiation agreement ("ENA") between the City and the Developer to assess the feasibility of the development of affordable housing on the Site (the "Housing Project"). The ENA is currently set to expire as of October 27, 2018;

WHEREAS, on October 9, 2018, the El Monte Planning Commission (the "Planning Commission") conducted a duly noticed public hearing and unanimously approved development entitlements for the Housing Project, including Tentative Parcel Map. No. 82313, Design Review No. 08-18, Density Bonus No. 01-18, and Modification No. 23-18, pursuant to Planning Commission Resolution No. 3522;

WHEREAS, with regard to environmental analysis, Planning Commission Resolution No. 3522 determined that the Housing Project is exempt from:

- the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) under the affordable housing project exemption and CEQA Guidelines Section 15195 pursuant to the infill housing exemption; and
- the National Environmental Policy Act ("NEPA") pursuant to the environmental assessment attached to the report presented by staff to the Planning Commission at its public hearing. (40 C.F.R. 1508.4.);

WHEREAS, on October 16, 2018, the City Council adopted "Inducement" Resolution No. 9914 declaring the City's intention to reimburse Housing Project expenditures from the proceeds of tax-exempt affordable multi-family revenue bonds for the Housing Project. At its same October 16, 2018 meeting, the City Council adopted City Council Resolution No. 9915 authorizing the extension of the term of the ENA through September 1, 2019 and directing certain associated Housing Project support for L.A. County Community Development Commission Notice of Funding Availability 24 and related actions and documentation;

WHEREAS, on February 5, 2019, the City Council adopted Resolution No. 9948 in support of an application for funding Notice of Funding Availability ("NOFA") 2017-18 (Round 4) by the Developer and its affiliates Ramona Metro Point, L.P. and Domus GP, LLC (collectively, the "Affiliates") assist with financing for the construction and development of Housing Project and construction and implementation of related Sustainable Transportation Infrastructure Improvements; and

WHEREAS, the Developer now seeks to apply for funds under 2019 Round 1 of the Multifamily Housing Program ("MHP") through the NOFA dated June 19, 2019 and amended on August 1, 2019 from the California Department of Housing and Community Development ("State HCD"). The goal of the MHP is to assist with the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL MONTE, CALIFORNIA, DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:**

SECTION 1. The City hereby finds the facts as both presented in the City staff report as submitted to the City Council at the meeting at which this Resolution was adopted and as stated in the recitals above are found to be true and correct and hereby approved, adopted, and incorporated into the body of this Resolution by this reference.

SECTION 2. The City Council hereby approves the Amended and Restated Exclusive Negotiation Agreement, dated as of August 1, 2019 to extend the negotiation period through April 1, 2020. Such Amended and Restated Exclusive Negotiation Agreement is attached hereto as "**Exhibit A**" and the City Manager is authorized to execute such agreement on behalf of the City together with technical and conforming changes as may be recommended by the City Attorney.

SECTION 3. The City Council hereby directs the City Manager to finalize and deliver to the Developer a development assistance letter for the Developer for its application for funding pursuant to State Department of Housing and Community Development. Such City development assistance letter (substantially in the form attached hereto as "**Exhibit B**") for the Housing Project shall provide any indication of the City's financial assistance for the Housing Project subject to the reservation of right by the City to grant final approval to the Housing Project in the sole discretion of the City.

SECTION 4. Environmental. As set forth in Planning Commission Resolution No. 3522, the Housing Project is exempt from:

- the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) under the affordable housing project exemption and CEQA Guidelines Section 15195 pursuant to the infill housing exemption; and
- the National Environmental Policy Act ("NEPA") pursuant to the environmental assessment attached to the report presented by staff to the Planning Commission at its public hearing. (40 C.F.R. 1508.4.);

SECTION 5. The adoption of this Resolution shall not obligate (i) the City to provide financing to the Developer for the acquisition, rehabilitation, and development of the Housing Project or to issue any financial obligations for purposes of such financing; or (ii) the City, or any department of the City to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning, or any other permit or other action necessary for the acquisition, development, or operation of the Housing Project.

SECTION 6. This Resolution shall take effect immediately upon its adoption by the City Council and the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED AND ADOPTED by the City Council of the City of El Monte at the regular meeting of this \_\_\_\_ day of \_\_\_\_\_ 2019.

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Andre Quintero, Mayor

ATTEST:

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Catherine A. Eredia, City Clerk

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    )     SS:  
CITY OF EL MONTE             )

I, Catherine A. Eredia, City Clerk of the City of EL Monte, hereby certify that the foregoing Resolution No. \_\_\_\_ was passed and adopted by the City Council of the City of El Monte, signed by the Mayor and attested by the City Clerk at a regular meeting of said Council held on the \_\_\_\_\_ day of \_\_\_\_\_ 2019 and that said Resolution was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine A. Eredia, City Clerk

**EXHIBIT "A":  
AMENDED AND RESTATED ENA**

**EXHIBIT "B"**  
**CITY DEVELOPMENT ASSISTANCE LETTER**

**[AMENDED AND RESTATED]  
EXCLUSIVE NEGOTIATING AGREEMENT**

THIS [AMENDED AND RESTATED] EXCLUSIVE NEGOTIATING AGREEMENT (this “**Agreement**”) is dated as of August 1, 2019 (“**Effective Date**”), and is entered into by and between the City of El Monte, a municipal corporation as housing successor agency to the former El Monte Community Redevelopment Agency (“**City**”), and Newport Partners, LLC, a California limited liability company or its assignee (“**Developer**” and collectively with the City, the “**Parties**”), with reference to the following recitals of fact:

**RECITALS**

A. WHEREAS, Developer is in the business of developing and managing safe, decent and affordable rental and ownership housing in California; and

B. WHEREAS, City is the owner of that certain real property located near the south easterly corner of the intersection of Tyler Avenue and Ramona Boulevard commonly known as 11016 Ramona Ave and 3448-3454 Tyler Ave. as more specifically described in Exhibit “A” attached hereto (“**Site**”);

C. WHEREAS, City desires to eliminate blight and increase the availability of affordable housing within the City by causing the development of the Site with approximately fifty-one (51) units of affordable rental housing for income qualified families (“**Project**”); and

D. WHEREAS, City and Developer desire to negotiate with each other regarding the potential terms and conditions of a future Purchase Sale and Affordable Rental Housing Loan Agreement (DDA) between City and Developer for the development of the Project on the Site, in accordance with the terms and conditions of such a DDA.

NOW, THEREFORE, in view of the goals and objectives of City relating to providing affordable housing in the City and in consideration of the mutual promises of City and Developer set forth in this Agreement, City and Developer agree as follows:

1. Negotiation of DDA. During the Negotiation Period (defined in Section 3) and subject to the terms and conditions of this Agreement, both City and Developer shall proceed diligently and in good faith regarding negotiation and documentation of the potential terms, conditions, covenants, restrictions and agreements of a DDA between them. City and Developer shall generally cooperate with each other and supply such documents and information as may be reasonably requested by the other to facilitate the conduct of the negotiations. Both City and Developer shall exercise reasonable efforts to complete discussions relating to the terms, conditions, covenants, restrictions or agreements of the DDA all as may be mutually acceptable to both City and Developer in sole and absolute discretion reserved to each of them. The exact terms and conditions of the DDA, if any, shall be determined during the course of these negotiations. During the Negotiation Period, Developer shall also undertake and complete all of the actions described in the “**Schedule of Performance**” attached to this Agreement as Exhibit “B.” within the time period specified for each such action in the Schedule of Performance. Nothing in this Agreement shall be interpreted or construed to be a representation or agreement by either City or Developer that a

mutually acceptable DDA will be produced from such negotiations under this Agreement. Nothing in this Agreement shall impose any obligation on either Party to agree to a definitive DDA in the future. Nothing in this Agreement shall be interpreted or construed to be a guaranty, warranty or representation that any proposed DDA that may be negotiated by City staff and Developer will be approved by the City Council of the City. Developer acknowledges and agrees that City's consideration of any DDA is subject to the sole and absolute discretion of the City Council and any and all public hearings, public meetings, notices, factual findings and other determinations and procedures required by law. City agrees not to solicit any other proposals or negotiate with any other person regarding development of the Site during the Negotiation Period.

2. Developer Acknowledgments. Developer acknowledges and agrees that: (a) under this Agreement, City is not committing itself or agreeing to enter into a DDA or undertake any exchange, sale, lease or other transfer of real property, any disposition of any real property interests to Developer, approve any land use entitlements or undertake any other acts or activities; (b) no provision of this Agreement shall be deemed to be an offer by City, nor an acceptance by City of any offer or proposal from Developer, for City to convey any estate or interest in the Site to Developer or for City to provide any financial or other assistance to Developer for development of the Project or the Site; (c) Developer has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from City; (d) further efforts by either Party to perform due diligence, arrange or obtain financing, or carry out other acts in contemplation of the possible acquisition, transfer or development of the Site or the Project shall not be deemed evidence of intent by either Party to be bound by any terms, conditions, covenants, restrictions or agreements relating to acquisition, transfer or development of the Site or the Project.

3. Negotiation Period.

3.1 Duration. The "**Negotiation Period**" shall begin on the Effective Date and shall expire at 5:00 p.m. Pacific Time on [April 1, 2020], unless extended pursuant to Section 4 or earlier terminated pursuant to Section 3.2.

3.2 Termination. This Agreement shall terminate upon the earliest to occur of the following events: (a) subject to the Provisions of Section 4, the expiration of the Negotiation Period; (b) the occurrence of an Event of Default under Section 13.1 of this Agreement, subject to all applicable notice and cure periods, unless such breach is expressly waived by the City; (c) entry into a DDA by both City and Developer as evidenced by the authorized signatures of the offices of each of the Parties which may appear on such a DDA; or (d) either Party has given notice of optional termination as provided in Section 3.3.

3.3 Either Party may give notice of optional termination of this Agreement at any time after December 31, 2019 in the event that the State Department of Housing and Community Development ("State HCD") may fail to announce an award of a Multifamily Housing Program ("MHP") loan for the Project in an amount of not less than Three Million Nine Hundred Thousand Dollars (\$3,900,000) on or before December 31, 2019, or if State HCD may have announced an award of such MHP funds for the Project on or before December 31, 2019 but, the County of Los Angeles may have failed to announce an award of County of Los Angeles No Place Like Home funds for the Project in an amount of not less than \$5,520,000 by a date not later than December 31, 2019. In order to terminate this Agreement under this Section 3.3, the Party who seeks such optional termination shall give the other Party thirty (30) days prior written notice which references this Section 3.3 that the Agreement shall terminate thirty (30) days after the delivery of such notice.



4. Extension of Negotiation Period. The Negotiation Period may be extended by the mutual written agreement of the Parties for up to a maximum aggregate time period of ninety (90) days. City's City Manager may authorize one or more extensions of the Negotiation Period (subject to the limitation of the maximum duration of all such extensions in the immediate preceding sentence) and the limitation in Section 3.2, upon receipt of a written extension request from Developer not less sixty (60) days prior to the end of the Negotiation Period stating in specific terms the efforts of Developer to date regarding the Project and the DDA and the anticipated steps to be undertaken in the extension period regarding the Project and the DDA. Prior to granting any such extension, City Manager shall consider the efforts made by Developer under and pursuant to the terms and conditions of this Agreement and to negotiate in good faith regarding a future DDA with City for the Project. Any authorization by the City Manager of any requested extension of the Negotiation Period pursuant to this Section 4 shall be in sole and absolute discretion of the City Manager.

5. DDA Provisions.

5.1 Essential Terms and Conditions. The DDA shall include provisions addressing all of the following described subjects:

5.1.1 Site Control. The Site shall be purchased or leased from City by Developer, or Developer's permitted assignee on terms mutually acceptable to the Developer and the City.

5.1.2 Schedule of Performance. A schedule of performance shall be attached to the DDA setting forth deadlines for various actions of Developer and City, respectively.

5.1.3 Scope of Development. The Project shall include, approximately fifty-one (51) units of affordable rental housing, pursuant to recorded affordability conditions, covenants and restrictions reasonably acceptable to and for the benefit of City.

5.1.4 Financing Plan. Developer submittal to City of a plan for financing the construction and operation of the Project for City review and approval. Such financing plan shall, at a minimum, payment by the Developer to the City of the fair market value of the Site and a suitably detailed description of the federal affordable rental housing, tax credits, multifamily mortgage revenue bond financing, financing from the State of California and/or Los Angeles County, as available, and such other financing as is necessary in the Developer's reasonable discretion to finance the development and operation of the Project.

5.1.5 Developer Compliance with Laws. Developer shall comply with the requirements of all applicable City ordinances, resolutions, regulations or other laws or approvals in all aspects (planning, design, construction, management and occupancy) of developing and operating the Project on the Site.

6. License to Enter Site. City authorizes Developer, its contractors, agents and employees to enter the Site for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the DDA or perform investigations related to the Project; provided, however, Developer shall deliver prior written notice to City of any such entry and written evidence of Developer's satisfaction of all insurance requirements of this Agreement prior to entering the Site. In the case of invasive tests or sampling, City may impose such insurance, indemnification, guaranty and other requirements as City determines appropriate, in its reasonable discretion.

7. Costs and Expenses. All fees or expenses of engineers, architects, financial consultants, legal, planning or other consultants or contractors, retained by Developer for any study, analysis, evaluation, report, schedule, estimate, environmental review, planning or design activities, drawings, specifications or other activity or matter relating to the Site or the Project or negotiation or documentation of a future DDA that may be undertaken by Developer during the Negotiation Period regarding any matter relating to this Agreement, shall be the sole responsibility of and undertaken at the sole cost and expense of Developer and no such activity or matter shall be deemed to be undertaken for the benefit of, at the expense of or in reliance upon City. Developer shall also pay all fees, charges and costs, make all deposits and provide all bonds or other security associated with the submission to and processing by the City of any and all applications and other documents and information to be submitted to the City by Developer pursuant to this Agreement or otherwise associated with the Project or the Site.

8. No City Approval. Nothing in this Agreement, nor any comments provided by City staff, nor any failure of City staff to provide comments to any submittal under or pursuant to this Agreement shall: (1) modify or replace any land use entitlement process of the City applicable to the Project, (2) limit the police power land use jurisdiction of the City relative to the Project, (3) constitute an approval of all or any portion of the Project by the City pursuant to the police power land use jurisdiction of the City or (4) constitute any approval of all or any portion of a future DDA with Developer by the City.

9. City Due Diligence. City reserves the right to reasonably obtain further information, data and commitments to ascertain the ability and capacity of Developer to purchase, lease, develop and operate the Site or the Project. Developer acknowledges that Developer may be requested to make certain financial disclosures to City, City staff, legal counsel or other consultants, as part of the financial due diligence investigations of City relating to the potential sale of the Site and development of the Project on the Site by Developer and that any such disclosures may become public records. City shall maintain the confidentiality of financial information of Developer to the extent allowed by law, as determined by the City Attorney for the City.

10. Developer Indemnity. Developer shall indemnify, defend and hold harmless City, and the elected and appointed officials, officers, agents and employees of City (individually or collectively, an "**Indemnified Party**") against any and all losses arising out of any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, arising through Developer, Developer's contractors or employees and brought or asserted against any Indemnified Party that relates to or arises out of: (i) property damage or bodily injury or death of any person in connection with this Agreement; (ii) entry upon the Site by Developer, its contractors or employees; (iii) any inspection of the Site by Developer, its contractors or employees; or (iv) the preparation of any report or plans commissioned by Developer; provided, however, that no Indemnified Party shall be entitled to indemnification under this Section 10 for any matter caused by such Indemnified Party's gross negligence or willful misconduct or for any matter arising from the discovery of any pre-existing condition upon the Site. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which Developer is obligated to indemnify, defend or hold harmless the Indemnified Party, and upon written notice from such Indemnified Party, Developer shall, at Developer's sole expense, answer and otherwise defend such action or proceeding. The provisions of this Section 10 shall survive the expiration or termination of this Agreement.

11. Developer Insurance.

11.1 Types of Insurance. Without in any way limiting Developer's indemnification obligations under this Agreement, subject to the other provisions of this Section 11 and subject to approval by City of the insurers and policy forms, Developer shall obtain and maintain, at Developer's expense, the following insurance throughout the Negotiation Period:

11.1.1 Automobile Liability Insurance. "**Automobile Liability Insurance**" means and refers to insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used by Developer regarding the Site or the Project, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by City, which approval shall not be unreasonably withheld.

11.1.2 Liability Insurance. "**Liability Insurance**" means and refers to commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Site or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Site or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

11.2 Nature of Insurance. All Liability Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "VII"; and (b) are authorized to do business in the State of California by the State of California Department of Insurance. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Site, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with the insurance requirements in this Agreement.

12. Restrictions Against Change in Ownership, Management or Control of Developer; Assignment of Agreement. City and Developer acknowledge and agree that City is entering into this Agreement with Developer on the basis of the particular experience, financial capacity, skills and capabilities of Developer. This Agreement is personal to Developer and is not assignable without the prior written consent of City, which may be given, withheld or conditioned in City's sole and absolute discretion.

13. Developer Events of Default and City Remedies.

13.1 Developer Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" on the part of Developer under this Agreement:

13.1.1 Schedule of Performance. Failure of Developer to meet a performance milestone by the applicable date contained in the Schedule of Performance, if such failure is not cured or cure is not commenced within thirty (30) days after written notice of such failure.

13.1.2 Misrepresentation. Any material breach of any representation or warranty made by Developer in this Agreement that is not cured within thirty (30) days after written notice from City to Developer of such breach.

13.1.3 Unauthorized Assignment. Any assignment or attempted assignment by Developer in violation of Section 12 that is not cured within thirty (30) days after written notice from City to Developer of such breach.

13.1.4 Insurance. Failure of Developer to procure or maintain any of the insurance coverage required by this Agreement resulting in a lapse in required insurance coverage which lapse is not cured within ten (10) days after written notice of such breach from City to Developer.

13.2 Remedies for Default. If there is an uncured Event of a Default following notice by either Party, then the Party not in default shall have the sole remedy of terminating this Agreement by referencing this Section 13.2 in a separate written notice to the other Party. Upon any termination of this Agreement under Section 3.2, neither Party shall have any further right or obligation to the other under this Agreement, except obligations that expressly survive termination of this Agreement and the Parties shall be mutually relieved of any further right, obligation or liability, arising under this Agreement.

14. Developer Representations and Warranties. Developer represents, warrants and covenants to and for the benefit of City, as of the Effective Date and at all times during the Negotiation Period, as follows:

14.1 Valid Existence; Good Standing; Joint Venture Relationships. Developer is a limited liability company or limited partnership duly organized and validly existing under the laws of the State of California. Developer has all requisite power and authority to own its property and conduct its business as presently conducted. Developer has made all filings and is in good standing in the jurisdiction of the State of California.

14.2 Authority. Developer has all requisite power and authority to enter into and perform this Agreement.

14.3 No Limitation on Ability to Perform. Neither Developer's certificate of formation nor any other organizational document regarding Developer in any way prohibits, limits or otherwise affects the right or power of Developer to enter into or perform this Agreement. Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument that could prohibit, limit or otherwise affect Developer's entry into or performance of this Agreement. To the best of Developer's knowledge, no consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery or performance by Developer of this Agreement or any of the terms or covenants contained in this Agreement. There is no pending or threatened suit or proceeding or undischarged judgment affecting Developer before any court, governmental agency, or arbitrator that might materially adversely affect the enforceability of this Agreement, the ability of Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of Developer.

14.4 Valid Execution. The execution and delivery of this Agreement by Developer have been duly and validly authorized by all necessary action of Developer and others. This Agreement will be a legal, valid and binding obligation of Developer, enforceable

against Developer in accordance with its terms. Developer will provide to City upon request a written resolution of Developer's members authorizing Developer's entry into and performance of this Agreement.

15. Notices. A notice or communication under this Agreement by either Party to the other shall be sufficiently given or delivered, if in writing and delivered by messenger, overnight air courier or registered or certified first class mail with return receipt requested (for U.S. mailings) to the appropriate Party at its address as follows:

In the case of a notice or communication to City:

CITY MANAGER  
11333 VALLEY BLVD  
EL MONTE, CA 91731

With a copy to:

ECONOMIC DEVELOPMENT DIRECTOR  
11333 VALLEY BLVD  
EL MONTE, CA 91731

CITY ATTORNEY  
11333 VALLEY BLVD  
EL MONTE, CA 91731

And in the case of a notice or communication sent to Developer:

NEWPORT PARTNERS, LLC  
9 CUSHING, SUITE 200  
IRVINE, CA 92618  
ATTN: MAURICE RAMIREZ

With a copy to:

BOCARSLY EMDEN COWAN ESMAIL & ARNDT LLP  
633 WEST 5TH STREET, 70TH FLOOR  
LOS ANGELES, CA 90071  
ATTN: KYLE ARNDT

Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

16. General Provisions.

16.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both City and Developer.

16.2 Severability. If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the Parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the Parties to this Agreement. However, if such amendment, modification or suspension would deprive City or Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected Party may terminate this Agreement upon written notice to the other Party. In the event of such termination, neither Party shall have any further rights or obligations under this Agreement except as otherwise provided herein.

16.3 Non-Waiver. No waiver made by either Party with respect to the performance, or manner or time of performance, or any obligation of the other Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived, to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

16.4 Non-Liability. No member, official, agent or employee of City will be personally liable to Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by City or for any amount that may become due to Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent, member or employee of Developer will be personally liable to City in an event of default by Developer or for any amount that may become due to City or on any obligations under the terms of this Agreement.

16.5 Successors and Assigns; Third Party Beneficiary. This Agreement shall inure to the benefit of and bind the respective successors and assigns of City and Developer, subject to the limitations on assignment by Developer set forth in Section 12. This Agreement is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

16.6 Governing Law. City and Developer acknowledge and agree that this Agreement was negotiated, entered into and is to be fully performed in the City. City and Developer agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the substantive and procedural laws of the State of California, without application of conflicts or choice of laws principles.

16.7 Compliance with Law. Developer acknowledges that any future DDA, if approved by City governing body, will require Developer (among other things) to carry out the development of the Project on the Site in conformity with all applicable laws, including all applicable building, planning and zoning laws, environmental laws, safety laws and federal and state labor and wage laws.

17. Interpretation of Agreement. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The word "or" in this Agreement includes the word "and." Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time. Headings at the beginning of each section or sub-section of this Agreement are solely for the convenience of reference of City and Developer and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to sections are to this Agreement. All exhibits referred to in this Agreement are attached to this Agreement, unless otherwise specified.

17.1 Entire Agreement. This Agreement (including the attachments and exhibits) contains all of the representations of and the entire agreement between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the signed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other person and no court or other body shall consider those drafts in interpreting this Agreement. Without limiting the generality of the foregoing, from and after the Effective Date hereof, this Agreement replaces and supersedes in its entirety that certain Exclusive Negotiating Agreement between the Parties dated as of October 17, 2017, as previously extended,

17.2 Time for Performance.

17.2.1 Expiration. All performance, expiration or termination dates (including cure dates) in this Agreement (including the attached Schedule of Performance) expire at 5:00 p.m., Pacific Time, on the specified date.

17.2.2 Weekends and Holidays. A date that falls on a Saturday, Sunday or City holiday is deemed extended to the next day on which the City is open for performance of general City functions with regular City personnel.

17.2.3 Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

17.2.4 Time of the Essence. Time is of the essence with respect to each provision of this Agreement.

17.3 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

17.4 Approvals and Consents. Unless this Agreement otherwise expressly provides or unless applicable law requires otherwise, all approvals, consents or determinations to be made by or on behalf of (excluding amendments to this Agreement): (i) City under this Agreement shall be made by City's City Manager, who may require City governing body approval of any such matter; and (ii) Developer under this Agreement shall be made by Monique Hastings ("**Developer Representative**") or such other employee or agent of Developer as Developer may designate by written notice to City to act as Developer Representative for a particular matter. Unless otherwise provided in this Agreement, whenever approval, consent or satisfaction is required of a Party pursuant to this Agreement, it shall not be unreasonably withheld, conditioned or delayed and any reasons for disapproval shall be stated in reasonable detail in writing. Approval by Developer or City of any act or request by the other shall not be deemed to waive or render unnecessary approval of any similar or subsequent acts or requests.

17.5 Survival. Notwithstanding anything to the contrary in this Agreement, each indemnity obligation under this Agreement shall survive expiration or termination of this Agreement. Further all other obligations under this Agreement that arise and were not satisfied before expiration or termination of this Agreement shall survive any expiration or termination of this Agreement.

17.6 Non-Discrimination. Developer covenants by and for itself and its successors or assigns, and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions:

17.6.1 Standards. 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 (l) 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 Site nor shall Developer, itself, himself or herself, or any person claiming under or through it, 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 Site.

17.7 Relationship of the Parties. The subject of this Agreement is a private development with neither Party acting as the agent of the other Party in any respect. None of the provisions in this Agreement shall be deemed to render City a partner in Developer's business, or joint venturer or member in any joint enterprise with Developer.

***[remainder of page intentionally left blank]***



**Signature Page  
TO  
EXCLUSIVE NEGOTIATING AGREEMENT**

IN WITNESS WHEREOF, City and Developer have signed and entered into this Agreement as of the Effective Date by and through the signatures of their respective authorized representative(s), as follow:

CITY OF EL MONTE,  
a municipal corporation as housing successor agency  
to the former El Monte Community Redevelopment Agency

By: \_\_\_\_\_  
Its: City Manager

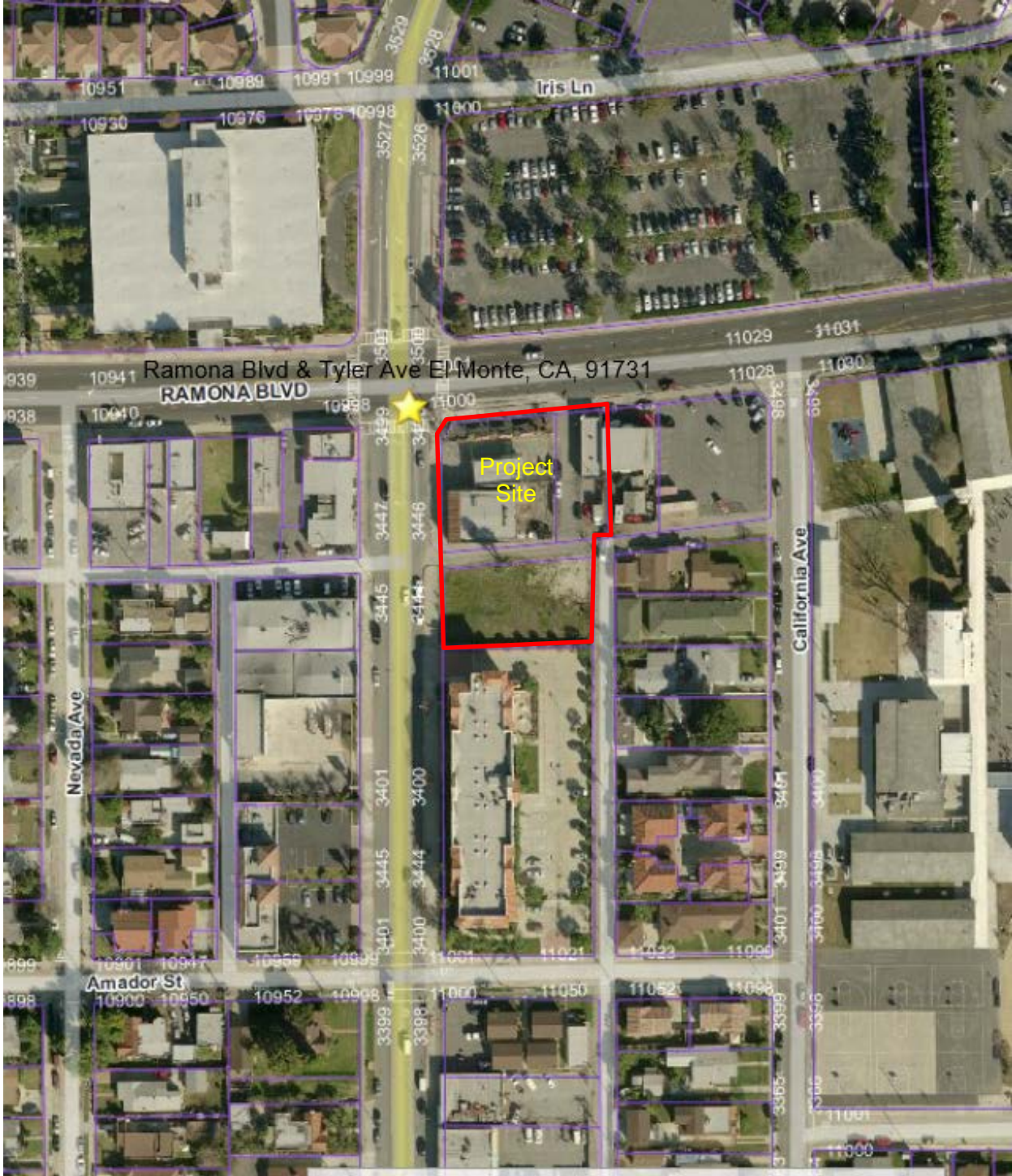
NEWPORT PARTNERS, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Its: Monique Hastings, its member/manager

**EXHIBIT "A"**  
**TO**  
**EXCLUSIVE NEGOTIATING AGREEMENT**

Project Site

[Attached behind this cover page]



**EXHIBIT "B"**  
**TO**  
**EXCLUSIVE NEGOTIATING AGREEMENT**

Schedule of Performance

[Attached behind this cover page]

August \_\_, 2019

Domus GP LLC  
9 Cushing, Suite 200  
Irvine, CA 92618  
Attn: Alex Hong

RE: City El Monte  
Metro Point (Tyler-Ramona) Affordable Rental Family Housing Project  
(Newport Partners)  
City of El Monte Financing Assistance Letter

Ladies and Gentlemen:

The City of El Monte Housing, a municipal corporation is pleased to provide to Domus GP LLC and to Newport Partners, a California limited liability company (the “Borrower”) a proposal to provide certain direct affordable rental housing development financial assistance to the Borrower subject to the limitations set forth in the next paragraph of this City Financing Assistance Letter in support of the affordable rental housing development project sponsored by the Borrower and referred to herein as the “Metro Point Housing Project.” This August \_\_, 2019 City Financing Assistance Letter supersedes and replaces all prior City financial assistance-related correspondence of the City as relates to the Metro Point (Tyler-Ramona) Housing Project.

This City Financing Assistance Letter is provided to the Borrower subject to the following conditions:

- (i) this City Financing Assistance Letter may be withdrawn by the City at any time in the event that the agreement by and between the Borrower and the City entitled “Amended and Restated Exclusive Negotiating Agreement” dated as of August 1, 2019, may terminate before April 1, 2020 without renewal extension or mutual approval of the definitive agreement referenced in subparagraph (v), below; and
- (ii) this City Financing Assistance Letter may be withdrawn by the City if the Borrower and the City cannot mutually agree by a date not later than December 31, 2019, upon the fair market value of the approximately 8/10<sup>th</sup> of an acre of the City-owned lands (the “Tyler-Ramona Site”) on which the Metro Point Housing Project may hereafter be constructed by the Borrower, as evidenced by an approving resolution of the City Council confirming the fair market value of the Tyler-Ramona Site; and

August \_\_, 2019

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RE: City of El Monte  
Metro Point Housing Project  
(Newport Partners)

- (iii) this City Financing Assistance Letter may be withdrawn by the City if the City has been prevented from completing by a date not later than January 15, 2020, the programming of certain of the City's HOME funds and other City funds to be reserved for use for the Metro Point Housing Project by the Borrower as evidenced by an approving resolution of the City Council; and
- (iv) this City Financing Assistance Letter may be withdrawn by this City if the City has not confirmed as evidenced by an approving resolution of the City Council adopted by a date not later than January 15, 2019 the acceptance by the Los Angeles County Metropolitan Transportation Authority ("Metro") of the amount of City Local Return Program "C" funds to be reimbursed to the City's Program "C" Local Return account and the collateral assignment by the City to Metro of a portion of the City assistance described in Paragraph 1A, below, in connection with the disposition of the Tyler-Ramona Site by the City to the Borrower as provided in the Metro "Proposition A and Proposition Local Return Guidelines: Repayment of Funds for Fixed Asset Purchases" (2007 Edition); and
- (v) the Borrower and the City shall have entered into a definitive agreement as mutually acceptable to each of them for the disposition of the Tyler-Ramona Site to the Borrower for improvement as the Metro Point Housing Project evidenced by an approving resolution of the City Council adopted by a date not later than April 1, 2020; and
- (vi) this City Financing Assistance Letter may be modified by the City at any time by the City prior to the adoption of the approving City Council resolution referenced in (v), above, if the City Council has determined in its sole discretion that one or more financing assistance items shall not be provided to the Metro Point Housing Project for any reason; and
- (vii) with respect to the adoption of the City Council resolutions referenced in (ii), (iii), (iv) and (v) above, the City Council reserves the sole and absolute discretion to adopt each such resolution.

The financing assistance offered by the City to the Borrower under this City Financing Assistance Letter has two (2) general elements:

- (A) a land acquisition mortgage loan element in favor of the Borrower in an amount as shall hereafter be confirmed by a mutually acceptable appraisal of the fair market value of the Tyler-Ramona Site; and
- (B) an affordable rental housing development loan element in favor of the Borrower in the maximum principal amount of not-to-exceed Six Hundred Thirty Thousand Dollars (\$630,000).

August \_\_, 2019

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RE: City of El Monte  
Metro Point Housing Project  
(Newport Partners)

The delivery of this City Financing Commitment Letter to the Borrower is based upon the authorization granted by City of El Monte City Council Resolution No. \_\_\_\_, dated August 14, 2019, pursuant to which the City Council also authorized the Borrower to submit an affordable rental housing financial assistance application to the State of California Department of Housing and Community Development in response to a State HCD NOFA dated June 19, 2019, as amended on August 1, 2019 in support of the Metro Point Project.

Total development cost for the Metro Point Project, including an estimated value of the Tyler-Ramona Site is approximately \$29,337,520.

Pending the completion of discussions and negotiations between the Borrower and the City for the final approval of the Metro Point Housing Project to the City Financing Assistance for the Metro Point Housing Project will include the following:

1. Type of City Financing Assistance:
  - (A) Land acquisition cost for the Tyler-Ramona Site payable by the Borrower to the City in an amount subject to the mutual approval of the Borrower and the City based upon a mutually acceptable fair market value appraised of the Tyler-Ramona Site (currently estimated to have an appraisal value of approximately \$2,140,000);
  - (B) One or more affordable rental housing development loans in an aggregate amount not-to-exceed \$630,000 evidenced by one or more promissory notes each such promissory note payable to the City (depending on the sources of City funds used for such financial assistance).
  
2. Purpose of City Financing Assistance: Acquisition, construction and permanent financing for the Metro Point Housing Project reserved for occupancy by low income households at affordable rent levels for a term of 55 years following the date of completion of improvement of the Metro Point Housing Project.  
(Note: Separate financing for the Metro Point Housing Project from third-party sources will need to be obtained by the Borrower).
  
3. Interest Rate on the City Financing Assistance: Three percent (3%) per annum until repaid to the City with the accrual of interest commencing on the date of disbursement of the City Financing Assistance to the Borrower.

August \_\_, 2019

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RE: City of El Monte  
Metro Point Housing Project  
(Newport Partners)

4. Repayment of the City Financing Assistance: From “residual receipts” from the Metro Point Housing Project payable annually to the City as of June 1 each year following the date of completion of the project until the earlier date of repayment to the City in full, plus accrued interest, or the maturity date of the City Financing Assistance loans.
5. Prepayment of the City Financing Assistance: Payable at any time to the City without yield maintenance penalty.
6. Maturity Date for the City Financing Assistance: 55<sup>th</sup> anniversary following the date of completion of the Metro Point Housing Project (as evidenced by issuance of certificate of occupancy by the City), and any unpaid accrued interest and principal shall be due and payable to the City on the Maturity Date.
7. Collateral for the City Financing Assistance: Two (2) separate deeds of trust on the Metro Point Housing Project: one for the land acquisition mortgage loan and the second for the development loan (each such City deed of trust shall be subordinate to a construction loan and permanent loan from private lender(s) see paragraph 8, below).
8. City Financing Assistance subject third-party financing: Separate financing from other public and private sources, including the State of California Department of Housing and Community Development and the Los Angeles County Community Development Commission, as applicable together with an allocation of so-called “4%” affordable rental housing tax credits to the Borrower for the Metro Point Housing Project from the California Tax Credit Allocation Committee are anticipated in an amount as confirmed by the City to be sufficient for the Borrower to undertake and complete the Metro Point Housing Project.
9. Disbursement of City Financing Assistance: Receipt of evidence satisfactory to the City that the other financing elements for the Tyler-Ramona Housing Project referenced in paragraph 8, above, are in place and that funding of such grants, loans, operating income subsidies, and tax credit equity in favor of Borrower will occur concurrently with disbursement of the City Financing Assistance to Borrower.



August \_\_, 2019

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RE: City of El Monte  
Metro Point Housing Project  
(Newport Partners)

This City Financing Assistance Letter delivered by the City to the Borrower as authorized by City Council Resolution No. \_\_\_\_, dated August 14, 2019, subject to the terms, conditions set forth above and the particular provisions of the financing documentation in favor of the City, all in final form and substance satisfactory to the City.

If you have any question as relates to the foregoing provisions of this City Financing Assistance Letter, please contact the undersigned at (626) 580-2001.

Very truly yours,

CITY

City of El Monte, a municipal corporation

Alma Martinez  
City Manager  
City of El Monte

cc: Maurice Ramirez, Domus  
Carol Averell, Housing Manager  
Betty Donovanik, Economic Development Director