



City of Covina/Covina Redevelopment
Agency/Covina Public Finance
Authority/Covina Housing Authority

Mayor Peggy Delach – Mayor Pro Tem John King
Council Members Walt Allen, III – Bob Low – Kevin Stapleton

SPECIAL MEETING AGENDA
125 E. College Street, Covina, California
Council Chambers of City Hall
Tuesday, March 8, 2011
6:30 p.m.

- As a courtesy to Council/Agency/Authority Members, staff and attendees, everyone is asked to silence all pagers, cellular telephones and any other communication devices.
- Any member of the public may address the City Council, Redevelopment Agency, Public Finance Authority and Housing Authority during both the public comment period and on any scheduled item on the agenda. Comments are limited to a maximum of five minutes per speaker unless, for good cause, the Mayor/Chairperson amends the time limit. Anyone wishing to speak is requested to submit a yellow Speaker Request Card to the City Clerk; cards are located near the agendas or at the City Clerk's desk.
- Please provide 10 copies of any information intended for use at the City Council/Covina Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority meeting to the City Clerk prior to the meeting.
- MEETING ASSISTANCE INFORMATION: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (626) 384-5430. Services such as American Sign Language interpreters, a reader during the meeting, and/or large print copies of the agenda are available. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.
- DOCUMENT AVAILABILITY: Any writings or documents provided to a majority of the Council/Agency/Authority regarding any item on this agenda will be made available for public inspection at the City Clerk counter at City Hall located at 125 E. College Street and the Reference Desk at the Covina Library located at 234 N. Second Avenue during normal business hours. In addition, such writings and documents are available in the City Clerk's Office and may be posted on the City's website at <http://www.covinaca.gov/clerk/agendas.htm>.
- If you challenge in court any discussion or action taken concerning an item on this Agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting.
- The Deputy City Clerk of the Covina City Council hereby declares that the agenda for the **March 8, 2011** Special City Council meeting was posted on **March 7, 2011** near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2(a) of the Government Code.

March 8, 2011

**SPECIAL CITY COUNCIL
REDEVELOPMENT AGENCY/PUBLIC FINANCE
AUTHORITY/HOUSING AUTHORITY
JOINT MEETING—OPEN SESSION
6:30 p.m.**

CALL TO ORDER

ROLL CALL

Council/Agency/Authority Members Allen, Low, Stapleton, Mayor Pro Tem/Vice Chairperson King, and Mayor/Chairperson Delach

PLEDGE OF ALLEGIANCE

Led by Mayor Pro Tem King.

INVOCATION

Led by Robert Neiuber, Community Development Director/CRA Deputy Director.

PUBLIC COMMENTS

To address the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk/Agency/Authority Secretary. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.

COUNCIL/AGENCY/AUTHORITY COMMENTS

Council/Agency/Authority Members wishing to make any announcements of public interest or to request that specific items be added to future City Council/Redevelopment Agency/Public Finance Authority/Housing Authority Agenda may do so at this time.

CITY MANAGER COMMENTS

CONSENT CALENDAR

CC 1. City Council/Redevelopment Agency/Housing Authority to Authorize the City Manager/Authority Executive Director/Agency Executive Director or his designee to execute an Agreement for the McGill Transitional House Operation and Supportive Services with Catholic Charities of Los Angeles, Inc.

CC 2. City Council/Redevelopment Agency/Housing Authority to:

- a) Adopt **City Resolution 11-6941**, of the City of Covina authorizing application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA; and

- b) Adopt **Agency Resolution 11-662** of the Covina Redevelopment Agency supporting the City's application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA; and
- c) Adopt **Authority Resolution 11-004** of the Covina Housing Authority supporting the City's application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA.

CC 3. City Council/Redevelopment Agency/Housing Authority to adopt **Agency Resolution No. 11-663** approving the continuation of the rental subsidy program through December 31, 2011, and approving the First Amendment to participants' agreements at apartment complexes citywide

NEW BUSINESS

NB 1. Redevelopment Agency for the approval of additional Participant, City Ventures, in Vintage Walk Participation Agreement dated December 6, 2005, and approval of the funding for the Down Payment Assistance Program for assistance in three affordable Vintage Walk units.

Staff Recommendation

- a) Redevelopment Agency to approve First Amendment to Participant Agreement, approving one additional participant, City Ventures, in that certain Participation Agreement between the Covina Redevelopment Agency and Olson Urban Housing, LLC; and
- b) Redevelopment Agency to adopt **Agency Resolution 11-664**, amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$90,000 from Housing set-aside undesignated funds to fund the Down Payment Assistance Program for three affordable housing units in Phase Two of the Vintage Walk project.

JOINT NEW BUSINESS

JNB1. City Council/Redevelopment Agency/Housing Authority to consider for re-roofing of the Transitional House Under Section 22050 of the California Public Contract Code.

Staff Recommendation:

- a) City Council/Redevelopment Agency/Housing Authority to adopt **Agency Resolution No. 11-669** declaring the emergency, authorizing the waiver of bidding requirements, and approving the roof replacement at the Agency-owned transitional house under Section 22050 of the California Public Contract Code; and
- b) City Council/Redevelopment Agency/Housing Authority to adopt **Agency Resolution 11-665**, amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$20,000 from housing set-aside undesignated funds to provide funding for replacement of the roof at the transitional house.

JNB2. City Council/Redevelopment Agency for the consideration of approval of Funding Agreement and Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley for transitional housing.

Staff Recommendation:

- a) Adopt **Agency Resolution No. 11-666**, approving that certain affordable Funding Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley, and
- b) Adopt **Agency Resolution No. 11-667**, approving that certain Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley, and
- c) Adopt **Agency Resolution 11-668**, amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$474,000 from housing set-aside undesignated funds to provide financial assistance through the Funding Agreement (Wings) with the YWCA of San Gabriel Valley, and
- d) Adopt **City Resolution 11-6942**, approving that certain Funding Agreement (Wings) between the Covina Redevelopment Agency and YWCA of San Gabriel Valley and making certain associated findings; and
- e) Adopt **City Resolution No. 11-6943**, approving that certain Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley, and making certain associated findings.

ADJOURNMENT

The Covina City Council/Redevelopment Agency/Covina Public Finance Authority/Housing Authority will adjourn to the next Regular Meeting to be held on **Tuesday, March 15, 2011** at 6:30 p.m. for closed session and at 7:30 p.m. for open session in the Council Chamber of City Hall, 125 E. College Street, Covina, California 91723.

**CITY OF COVINA/
COVINA HOUSING AUTHORITY/
COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY**

MEETING DATE: March 8, 2011

ITEM NO.: CC 1

STAFF SOURCE: Robert Neiuber, Director of Community Development/ *fd*
Deputy Executive Director
Nuala Gasser, Senior Redevelopment Manager

ITEM TITLE: Consider approval of agreement for services to be provided at the McGill Transitional House between the City of Covina, the Covina Redevelopment Agency, the Covina Housing Authority and Catholic Charities of Los Angeles, Inc. for FY 2011-2012.

STAFF/AGENCY RECOMMENDATION

Authorize the City Manager/Authority Executive Director/Agency Executive Director or his designee to execute an Agreement for the McGill Transitional House Operation and Supportive Services with Catholic Charities of Los Angeles, Inc.

FISCAL IMPACT

Funding for supportive and operation services will be provided through the federal SHP grant and matching funds. The grant funding is provided in greater detail in Consent Item 2 on the March 8, 2011 agenda. The Agreement will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

The McGill House, a transitional house for homeless women and children, has been in operation since 2005. In the fifth year, 2010-2011, Catholic Charities of Los Angeles Inc. (CCLA), has provided case management services for residents at the home. CCLA services were provided under a one-year agreement between City/Agency, and CCLA an agreement for the 2011-2012 program year is being brought forward at this time.

Case Management services are funded through an annual federal Supportive Housing Program (SHP) grant through the Los Angeles Homeless Services Authority (LAHSA). For the sixth year of operation, (July 1, 2011 through June 30, 2012), an application is pending for \$94,295 through the Los Angeles Continuum of Care 2010 SuperNOFA,

An Agreement for operation of the McGill House for the 2010-2011 fiscal year, between the City of Covina, the Covina Redevelopment Agency, and CCLA is attached as Exhibit A. The Agreement provides for operation, supportive and administrative services, which will be carried out by staff employed by CCLA, and housed in the El Monte office. The Agreement will be

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA**

Parties: **City of Covina**
 Covina Redevelopment Agency
 Covina Housing Authority
 Catholic Charities of Los Angeles, Inc.

Project Term: **July 1, 2011 to June 30, 2012**

Date of Approval by Covina City Council: **March 8, 2011**

Table of Contents

1.	DEFINITIONS.....	1
2.	PARTIES.....	3
3.	CONDITIONS PRECEDENT	3
4.	CONTRACT ADMINISTRATION.....	4
5.	SCOPE OF SERVICES.....	4
6.	TIME OF PERFORMANCE.....	4
7.	ELIGIBLE PARTICIPANTS	4
8.	COMPENSATION	4
9.	METHOD OF PAYMENT.....	5
10.	SUPPORTING DOCUMENTATION FOR INVOICES SUBMITTED	6
11.	COST ALLOCATION PLAN.....	6
12.	DISBURSEMENT OF FUNDS	6
13.	RESTRICTION ON DISBURSEMENTS	7
14.	CASH MATCH FOR SUPPORTIVE SERVICES.....	7
15.	CASH MATCH FOR OPERATIONS (N/A).....	7
16.	LEVERAGING (N/A).....	7
17.	WITHHELD PAYMENTS.....	7
18.	RETURN OF UNEXPENDED FUNDS AND CLOSE-OUTS.....	7
19.	FUNDING REDUCTION.....	8
20.	FISCAL ACCOUNTABILITY	8
21.	REVENUE DISCLOSURE REQUIREMENT	9
22.	LIMITATIONS ON USE OF SUPPORTIVE HOUSING PROGRAM FUNDS(N/A)	9
23.	INTEREST EARNED.....	9
24.	NOTICES.....	9
25.	INDEPENDENT CONTRACTOR.....	10
26.	CLASSIFICATION OF EMPLOYEES AS INDEPENDENT CONTRACTORS.....	10

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

27.	GRIEVANCE PROCEDURES	10
28.	PROGRAM INCOME.....	11
29.	COMPETITIVE BID REQUIREMENTS	11
30.	NON-COMPETITIVE SOLE SOURCE BIDS	11
31.	SUBCONTRACTS.....	12
32.	EQUIPMENT	12
33.	PROGRAM EVALUATION.....	12
34.	PROGRAM MONITORING	13
35.	FISCAL MONITORING.....	13
36.	MONITORING REPORTS	14
37.	AUDITS.....	14
38.	AUDIT FINDINGS	14
39.	DISALLOWED COSTS	15
40.	DEOBLIGATION	15
41.	RECORDS	15
42.	REPORTS (N/A)	16
43.	INSURANCE.....	16
44.	INDEMNIFICATION.....	17
45.	COMPLIANCE WITH LAWS	17
46.	PROPERTY MAINTENANCE STANDARDS	18
47.	ASSIGNMENT	18
48.	OVERTIME WORK	18
49.	STAFF TRAVEL	18
50.	LIMITATION OF CORPORATE ACTS.....	18
51.	EMPLOYMENT OF KEY PERSONNEL.....	18
52.	CONTRACTOR PERSONNEL.....	19
53.	CONFLICT OF INTEREST	19

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

54.	DISCRIMINATION	20
55.	AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT PRACTICES.....	21
56.	NEPOTISM	21
57.	EQUAL BENEFITS ORDINANCE (N/A).....	21
58.	RELIGIOUS AND POLITICAL ACTIVITIES	21
59.	AMERICANS WITH DISABILITIES ACT.....	21
60.	CITIZEN PARTICIPATION.....	22
61.	FEDERAL LOBBYIST REQUIREMENTS.....	22
62.	CERTIFICATION REGARDING DEBARMENT	22
63.	LEAD-BASED PAINT (N/A)	23
64.	ASBESTOS (N/A).....	23
65.	PROGRAM CHANGES (N/A)	23
66.	BUDGET LINE ITEM CHANGES (N/A).....	23
67.	CHANGES AND AMENDMENTS OF TERMS (N/A)	23
68.	TIME OF PERFORMANCE MODIFICATIONS (N/A)	23
69.	WAIVERS (N/A)	23
70.	BREACH	23
71.	DEFAULTS	23
72.	SANCTIONS (N/A).....	23
73.	PROBATION (N/A).....	23
74.	SUSPENSION.....	23
75.	TERMINATION FOR CONVENIENCE	24
76.	TERMINATION FOR CAUSE	24
77.	TERMINATION PROCEDURES.....	25
78.	EFFECT OF TERMINATION (N/A).....	25
79.	NOTICES OF SUSPENSION AND TERMINATION.....	25
80.	PROHIBITION OF LEGAL PROCEEDINGS.....	26

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

81.	EFFECT OF LEGAL JUDGMENT	26
82.	CHOICE OF LAW GOVERNING THIS AGREEMENT	26
83.	INTEGRATED AGREEMENT	26
84.	RESIDENT RENT	26
85.	CONTRACT.....	26
86.	AUTHORIZATION WARRANTY	26

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

THIS AGREEMENT is entered into this 9th ___ day of March, 2011, by and between the CITY OF COVINA, a California municipal corporation, hereinafter referred to as the "City", the COVINA REDEVELOPMENT AGENCY, a California public agency, hereinafter referred to as the "Agency", the COVINA HOUSING AUTHORITY, a public body, corporate and politic, and CATHOLIC CHARITIES OF LOS ANGELES INC., hereinafter referred to as the "Subcontractor".

WITNESSETH:

WHEREAS, the City, with the participation of the Subcontractor, has applied for a renewal of the 2002 Department of Housing and Urban Development (HUD) Supportive Housing Program (SHP) funding through the Los Angeles Homeless Services Authority (LAHSA), and

WHEREAS, HUD awarded funds to certain projects in the LAHSA application upon approval of the Technical Submission, including this Project, Prior Contract Number CA0416B9D000802, and

WHEREAS, Subcontractor desires to participate in said program and is qualified by reason of experience, preparation, organization, staffing, and facilities to provide services for the Project.

WHEREAS, Agency is the owner of the Project facility, more commonly know as McGill Street House, and

WHEREAS, Agency intends to contribute the required matching funds toward the funding of the Project, in accordance with SHP regulations.

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. DEFINITIONS

The following terms have the following meanings wherever used in this Agreement, attached exhibits, or documents incorporated into this Agreement by reference:

"AGREEMENT" means this legally binding contract entered into between City, Agency and Subcontractor effective as of March 10, 2011 for funding of program activities commencing on July 1, 2011.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

“ASSISTED UNIT” means a housing unit on the Property which is supported by SHP funds.

“BUDGET” means the budget for activities set forth in this Agreement.

“CASH MATCH” means cash payment for acquisition, rehabilitation, new construction, supportive services, and operations of the Project funded by SHP funds.

“CERTIFICATE OF OCCUPANCY” means such certificate as shall be issued by the appropriate department of the City of Covina following completion of construction.

“CHRONICALLY HOMELESS PERSON” means “an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years.” To be considered chronically homeless a person must have been on the streets or in an emergency shelter (i.e. not transitional housing) during these stays.

“COUNTY” means the County of Los Angeles, a body corporate and politic and political subdivision of the State of California.

“ELIGIBLE COSTS” means allowable costs under the Supportive Housing Program.

“EQUIPMENT” means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$500 or more per unit.

“HOMELESS INDIVIDUAL” “HOMELESS PERSON” as defined by the Stewart McKinney Homeless Assistance Act of 1987 means an individual who lacks a fixed, regular, and adequate night-time residence; and an individual who has a primary night-time residency that is: a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels congregate shelters, and transitional housing for the mentally ill); an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained under an Act of Congress or a state law.

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

“LAHSA” means the Los Angeles Homeless Services Authority of the City and County of Los Angeles.

“OPERATING START DATE” means the date when participants begin to receive housing and/or services.

“PERSONAL PROPERTY” means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

“PROJECT” means the acquisition, rehabilitation, new construction, operation and/or real property leasing of a facility more commonly known as “McGill Street House”, located at 1104 E. McGill Street, Covina, CA 91723 and the provision of supportive services to homeless persons. Any one of these activities constitutes a Project.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

“PROJECT COSTS” means any and all costs, fees or expenses in connection with the operations of the Project.

“PROPERTY” consists of the real property where the Project is located, and described in Exhibit A attached hereto and incorporated herein by this reference.

“PROPOSAL” means the documents that were submitted by City in response to the Request for Proposals released by LAHSA under the 2002 Super Notice of Funding Availability. These documents constitute the basis of which a grant was approved by HUD. Said documents include the certifications and assurances and any information or documentation required to meet any grant award conditions. The Proposal is incorporated herein as a part of this Agreement.

“SUPPORTIVE HOUSING PROGRAM” (SHP) means that program designed to promote the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and enable them to live as independently as possible.

“TECHINICAL SUBMISSION” means the documents that City submitted to LAHSA as part of the second phase of the 2002 Super Notice of Funding Availability. Said documents include the certifications and assurances and any information or documentation required to meet any grant award conditions. The Technical Submission is incorporated herein as a part of this Agreement.

2. PARTIES

The parties of this Agreement are:

- A. The City of Covina and Covina Redevelopment Agency, and Covina Housing Authority
125 E. College Street, Covina, CA 91723
Tel: (626) 384-5442 Fax: (626) 384-5448

- B. Catholic Charities of Los Angeles, Inc.
1531 James M. Wood Blvd.
P. O. Box 15095
Los Angeles, CA 90015-0095
213-251-3400

3. CONDITIONS PRECEDENT

Prior to the execution of this Agreement, the Subcontractor shall provide Agency with copies of the following documents:

- A. A Certification Regarding Debarment, attached hereto as Exhibit D.
- B. A Certification and Disclosure Regarding Lobbying, attached hereto as Exhibit E and incorporated herein by the reference.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- C. A Certification Regarding Compliance With The Americans With Disabilities Act (42 U.S.C. 1 1201 et seq, and its implementing regulations), as evidenced by the execution of a certification to this Agreement, attached hereto as Exhibit F and incorporated herein by the reference.
- D. Certificate of Insurance containing coverage as specified in Exhibit G attached hereto and incorporated herein by the reference.

4. CONTRACT ADMINISTRATION

The City Manager of the City of Covina, or his designee, shall have full authority to act for City and Agency in the administration of this Agreement on behalf of both City and Agency.

5. SCOPE OF SERVICES

Subcontractor shall furnish all supervision, technical personnel, and services, including transportation services and record-keeping needed to perform and complete all work as described in the attached "Project Description," attached as Exhibit A, and in accordance with the attached contract documents.

City and Agency each agree to provide funding under the scope of the Agreement as is described in Exhibit C in order to meet operating expenses and provide sufficient resources to the staff to execute the responsibilities as described above. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

6. TIME OF PERFORMANCE

This Agreement shall begin on the date Subcontractor first incurs allowable costs under this program, and shall be completed one (1) years from said start date, subject to the termination provisions herein.

7. ELIGIBLE PARTICIPANTS

- A. Subcontractor shall provide services to homeless persons as defined in the Stewart B. McKinney Homeless Assistance Act of 1987 and chronically homeless persons as defined herein.
- B. Further, Subcontractor must maintain adequate documentation to demonstrate the eligibility of persons served using Supportive Housing Program funds. Subcontractor shall document said eligibility according to the Participant Eligibility Guide attached hereto as Exhibit B and incorporated herein by this reference.

8. COMPENSATION

- A. Subcontractor shall be compensated, on a monthly reimbursement basis, for services as described in Section 5 in an amount not to exceed One Hundred Eighteen Thousand, Two Hundred Ninety Six Dollars (\$118,296). Said funds

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

shall be paid to Subcontractor at those times and on those terms in accordance with the budget for Supportive Services, Operations, and Administration (see Exhibit C), which payment shall constitute full and complete compensation for Subcontractor's services under this Agreement.

- B. Operations and Supportive Services: Subcontractor shall request funds for operating and supportive services on a monthly basis. Funds shall be paid only after receipt of invoice for services rendered.
- C. Funding as set forth by the foregoing subsection A is subject to change in accordance with the availability of grant funds provided to City by LAHSA. Further, City and Agency reserve the right to change the amount of compensation set forth herein in the event that HUD decreases funding available for this project.
- D. Funds available for each program year are conditioned upon continuing satisfactory performance in accordance with this Agreement and City's, Agency's and LAHSA's fiscal and programmatic monitoring.
- E. City and Agency assume no responsibility to pay for expenses not specifically enumerated in Exhibit C of this Agreement. City and Agency shall not pay for any costs incurred by Subcontractor that are paid with other funds. Further, Subcontractor understands that City and Agency make no commitment to fund this project beyond the term of this Agreement.
- F. Funds paid to the Subcontractor pursuant to this Agreement shall be deposited in a bank and shall be insured fully and continuously. No interest income should be earned on such funds. If there is interest earned, it must be managed as required by HUD and returned to City to be returned to LAHSA in accordance with section 23 of this Agreement.

9. METHOD OF PAYMENT

- A. Within five (5) days after the first day of each calendar month, Subcontractor shall submit a verified invoice containing a breakdown of services performed during the preceding month, specifying the services performed by dates, names of individuals, and number of hours. Payment of compensation, on a reimbursement basis, is due Subcontractor within thirty (30) days following receipt of invoice by the Agency.
- B. Subcontractor shall be compensated, on a reimbursement basis, for expenses authorized under the terms and conditions of this Agreement, subject to availability of funds for this project and subject to all other provisions of this Agreement.
- C. In the event that the Subcontractor submits an invoice late, City and Agency may withhold liquidated damages from compensation. A percentage of the otherwise reimbursable expenses will be withheld as liquidated damages according to the following schedule:

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

<u>Calendar Days Late</u>	<u>Liquidated Damages</u>
1 - 14	10% of late invoice(s)
15-28	20% of late invoice(s)
29-42	30% of late invoice(s)
43-56	50% of late invoice(s)
57-70	75% of late invoice(s)
71-84	100% of late invoice(s)

- D. Agency will consider reasonable written requests for extension of time to submit invoices. Requests for extension of time must be received by City and Agency within two (2) days following the end of the month in which costs were incurred. Agency will respond in writing to the request for extension of time. In the event that Agency fails to respond or responds late to a request for extension of time, such request is deemed to be denied two (2) days following receipt of the request for extension of time. In the event that a request for extension of time is deemed to be denied or actually denied, Subcontractor must comply with subsection A above. E. Said invoice shall be in form and detail satisfactory to City, Agency and LAHSA. In the event that Subcontractor does not expend all of the funds received pursuant to any monthly invoice, it shall so note and make due credit and allowance therefor upon its invoice for the following month.
- F. Expenditures made by Subcontractor in the operation of this Agreement shall be in strict compliance and conformity with the Budget set forth in Exhibit C, unless prior written approval for an exception is obtained from City, Agency and LAHSA. Only eligible SHP costs will be compensated or reimbursed under this Agreement.

10. SUPPORTING DOCUMENTATION FOR INVOICES SUBMITTED

Subcontractor must submit the following documentation with its monthly invoice.

- i) General Ledger;
- ii) Payroll registers;
- iii) Time sheets;
- iv) Copies of cancelled checks; and
- v) Copies of invoices for non-personnel costs.

11. COST ALLOCATION PLAN

Subcontractor must submit its cost allocation plan to the City prior to payment of costs incurred in this category. Payment shall not be made prior to the submittal and approval of the cost allocation plan.

12. DISBURSEMENT OF FUNDS

LAHSA shall disburse funds under this Agreement to Subcontractor as follows:

- A. Real Property Leasing: Not Applicable.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- B. Operations, Administrative and Supportive Services: Subcontractor shall request funds for operating, administrative and supportive services on a monthly basis.

13. RESTRICTION ON DISBURSEMENTS

No money received pursuant to this Agreement by the Subcontractor shall be disbursed to any sub-subcontractor except pursuant to a written agreement that incorporates any and all applicable contract requirements as set forth in this Agreement.

14. CASH MATCH FOR SUPPORTIVE SERVICES

Subcontractor will provide a cash match for certain supportive service expenditures. Cash match must be used to match eligible SHP costs.

15. CASH MATCH FOR OPERATIONS (N/A)

16. LEVERAGING (N/A)

17. WITHHELD PAYMENTS

- A. Unearned payments under this Agreement may be suspended or terminated if grant funds to City, through LAHSA, are suspended or terminated, or if the Subcontractor refuses to accept additional conditions imposed on it by HUD or LAHSA, through City.
- B. City and Agency have the authority to withhold funds under this Agreement pending a final determination by LAHSA, City or Agency of questioned expenditures or indebtedness to City and Agency arising from past or present agreements between City, Agency and the Subcontractor. Upon final determination by LAHSA, City or Agency of disallowed expenditures or indebtedness, LAHSA, City or Agency may deduct and retain the amount of the disallowance or indebtedness from the amount of the withheld funds.
- C. Payments to the Subcontractor may be withheld by City or Agency if the Subcontractor fails to comply with the provisions of this Agreement.

18. RETURN OF UNEXPENDED FUNDS AND CLOSE-OUTS

- A. The Subcontractor shall, either upon completion or termination of this Agreement, immediately return any unexpended funds to City and Agency no later than forty-five (45) calendar days after completion or termination of this Agreement. If City or Agency determine that funds advanced to Subcontractor are in excess of the amount actually required, Subcontractor shall immediately return said funds to City or Agency, respectively.
- B. The Subcontractor agrees to complete all necessary financial close out procedures required by City and Agency, within a period of not more than forty-five (45) calendar days following the expiration date of this Agreement. This time period

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

will be referred to as the financial close out period. City and Agency are not liable to provide reimbursement for any expenses or costs associated with this Agreement after the expiration of the financial close out period. After the expiration of the financial close out period, those funds not paid to the Subcontractor under this Agreement, if any, shall be immediately recaptured by HUD.

- C. The City Manager, or his designee, may request a final financial audit for activities performed under this Agreement at the expiration of the financial close out period in the event that Subcontractor repeatedly incurs disallowed costs and/or repeatedly submits inaccurate invoices to City or Agency during the term of this Agreement.

19. FUNDING REDUCTION

- A. City and Agency reserve the right to revise this Agreement in order to take into account actions affecting HUD program funding. In the event of funding reduction, City and Agency may reduce the budget of this Agreement, as a whole or as to a cost category, may limit the rate of the Subcontractor's authority to commit and spend funds, or may restrict the Subcontractor's use of both its uncommitted and its unspent funds.
- B. In no event, however, shall any revisions made by City or Agency affect expenditures and legally binding commitments made by the Subcontractor before it received written notice of such revision, provided that such amounts have been committed in good faith and are otherwise allowable, and that such commitments are consistent with HUD cash withdrawal guidelines.

20. FISCAL ACCOUNTABILITY

- A. Subcontractor agrees to manage moneys received through City or Agency in accordance with sound accounting policies; incur and claim only eligible costs for reimbursement; adhere to accounting standards established in OMB Circulars A-110, A-122 and A-133; and adhere to LAHSA's Contractor Accounting and Administration Handbook, attached hereto as Exhibit J and incorporated herein by this reference.
- B. Subcontractor must establish and maintain on a current basis, an accrual accounting system in accordance with Generally Accepted Accounting Principles and Standards. Further, Subcontractor must develop an accounting procedures manual. Said manual shall be made available to City or Agency upon request or during fiscal monitoring visits.
- C. Eligible expenditures shall be supported by properly executed invoices, time records, receipts, purchase vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. Checks, payrolls, invoices, vouchers, purchase orders, or other accounting documents shall be clearly identified and readily accessible to City, Agency or LAHSA representatives.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- D. Invoices shall be accurate and complete in all respects. Should inaccurate or incomplete reports be submitted to City or Agency, City or Agency may require the Subcontractor to secure the services of a licensed accountant. Cost of such accounting services are to be borne by the Subcontractor and are not to be reimbursed from the funds authorized by this Agreement, unless specifically agreed to between the Subcontractor, City and Agency in a written agreement.

21. REVENUE DISCLOSURE REQUIREMENT

Upon request, Subcontractor shall file with City and Agency, a written statement listing all revenue received, or expected to be received, by Subcontractor from Federal, State, County, City, Private or LAHSA sources, or other governmental agencies, and applied, or expected to be applied, to offset, in whole or in part, any of the costs incurred by Subcontractor in operating the project funded herein. Such statement shall reflect the name, the dollar amount of funding provided, or to be provided, and the full name and address of each governmental agency.

22. LIMITATIONS ON USE OF SUPPORTIVE HOUSING PROGRAM FUNDS(N/A)

23. INTEREST EARNED

In the event that Subcontractor earns or receives interest on funds deposited under this Agreement, Contractor shall remit any and all interest to City at the end of theca program year.

24. NOTICES

All notices shall be served in writing, each party shall notify the other of any significant changes relating to this project within 48 hours. The notices to the City and Agency shall be sent to the City/Agency representative at the following address:

Darryl J. Parrish, City Manager and Executive Director
City of Covina and Covina Redevelopment Agency
125 E. College Street
Covina, CA 91723

Notices, reports and statements to Subcontractor shall be delivered or sent to the Executive Director or his/her designee at:

Rev. Monsignor Gregory A. Cox
Executive Director
Catholic Charities of Los Angeles, Inc.
1531 James M. Wood Blvd.
P O Box 15095
Los Angeles, CA 90015-0095

25. INDEPENDENT CONTRACTOR

Each party hereto in the performance of this Agreement will be acting in an independent capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability.

26. CLASSIFICATION OF EMPLOYEES AS INDEPENDENT CONTRACTORS

- A. Subcontractor shall only classify employees as independent contractors if they meet the requirements set by the Internal Revenue Service (IRS) Employers Supplemental Tax Guide (Publication 1 5-A) which provides the following guidelines, effective January 1, 2000.
 - i) Behavioral control — factors related to a business's right to direct and control how the worker performs the task.
 - ii) Financial control — factors related to a business's right to control the business aspects of the worker's job.
 - iii) Relationship of the parties — factors showing the type of relationship between the business and the worker.
- B. Upon request, City or Agency may provide Subcontractor with documentation containing the common elements that may assist Subcontractor in distinguishing between an independent contractor and an employee.

27. GRIEVANCE PROCEDURES

- A. Subcontractor shall maintain a written set of policies and procedures for the resolution of all grievances. These policies and procedures shall be freely available to all program participants and staff. Copies of the grievance policies and procedures shall be clearly marked and made available to the program participants during intake. A summary of the program grievance resolution policies and procedures shall be prominently displayed in common area(s) in the facility.
- B. Subcontractor shall identify an individual to whom all grievances arising between program participants and City/Agency staff and/or grievances regarding operations of the program shall be referred for resolution. This individual shall be clearly identified to City/Agency management, staff and program participants.
- C. Subcontractor's grievance resolution policies and procedures shall include but are not limited to the following:
 - i) The name and title of the staff person responsible for grievance resolution and how they are contacted.
 - ii) A procedure for hearing all grievances within 72-hours of a complaint being made, including the gathering of facts and testimony from other participants and staff. A decision handing down the resolution to the compliant must be made within the 72-hour period.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- iii) A confidential area where grievances may be heard.
- iv) A centralized and coherent system of documenting grievances. The documentation shall contain a description of the grievance and the resolution or disposition of said grievance. Said documentation shall be retained in a central dispute or grievance file, which file shall be made available to Agency and/or LAHSA upon request.
- v) A procedure for referring all unresolved grievances to an outside grievance resolution service within 48-hours of the meeting between the complainant and the staff person responsible for the resolution of grievances.

28. PROGRAM INCOME

- A. City reserves the right to determine the disposition of any program income accumulated under the project set forth in Exhibit A. Said disposition may include City taking possession of said program income for transfer to LAHSA
- B. Subcontractor may also use program income in the manner specified in 24 CFR Part 583.315(b) and other applicable Federal regulations including but not limited to 24 CFR Part 84.24 and OMB Circular A-110.

29. COMPETITIVE BID REQUIREMENTS

- A. Procurement of goods and services under \$100,000 or shall be conducted by soliciting bids through the small purchase procedures method of procurement (i.e. informal procurement). Subcontractor shall use LAHSA's Small/Informal Bid Form, attached herein as Exhibit H and incorporated herein by reference. A minimum of three quotes must be obtained and documented on said form.
- B. Goods and services covered under this section include but are not limited to: administrative services, social services, supplies, printing, equipment, Subcontractors, contract employees, program services and facility rentals.
- C. Subcontractor must purchase and/or lease goods and services from the lowest responsible bidder.
- D. Procurement of services and goods of \$100,000 or over requires a competitive bid process with a Request for Bids (RFB), except in the case of sole source contractors, described in section 30 of this Agreement. The RFB issued by Subcontractor shall be in accordance with the procurement procedures specified in 24 CFR 84.44 attached hereto as Exhibit L and incorporated herein by this reference.

30. NON-COMPETITIVE SOLE SOURCE BIDS

- A. Sole source bids for supplies and services contracts may be accepted only when the award of a contract is not feasible using the above RFB procedure. Any procurement based on non-competitive bids shall be supported by written justification and approved in writing by Agency staff.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- B. Circumstances under which a contract may be awarded by non-competitive bids include but are not limited to the following:
- i) The item or service is only available from a single source; or
 - ii) After solicitation of a number of sources, competition is determined to be inadequate; or
 - iii) An immediate emergency exists that seriously threatens the public health, welfare, or safety, or endangers property. The emergency procurement shall be limited to those supplies or services necessary to meet the emergency; or
 - iv) The building owner or manager of a facility leased by Subcontractor requires a specific experienced vendor for building related services such as wiring or equipment installation.

31. SUBCONTRACTS

- A. For the purpose of this Agreement, subcontracts shall include, but not be limited to, purchase agreements, lease or rental agreements (excluding real property agreements), third party agreements, consultant services subcontracts, and construction subcontracts. Subcontracts entered into in the performance of this Agreement shall:
- i) Be subject to the terms and conditions set forth in this Agreement. City and Agency shall require incorporation of the applicable provisions in a written agreement.
 - ii) Specifically prohibit assignment or transfer of interest without prior written approval by City and Agency.
 - iii) Specifically provide proof, when applicable, of qualifications necessary, appropriate permits and/or business licenses.
 - iv) Specifically provide parties to the subcontract, a full description of the exact scope of services to be performed, the length of time, and compensation for services rendered.
- B. Under no circumstances shall the Subcontractor enter into Cost-Plus-a-Percentage-of- Cost subcontracts.

32. EQUIPMENT

Subcontractor shall manage equipment as specified in 24 CFR Part 84.34 and OMB Circular A-110.

33. PROGRAM EVALUATION

- A. Subcontractor shall make available for inspection during the term of this Agreement and for a period of five (5) years thereafter financial and all other records pertaining to performance of this Agreement to authorized City, Agency,

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

HUD and/or LAHSA representatives. Further, Subcontractor shall allow said representatives to inspect and monitor its facilities and program operations, including the interview of Subcontractor staff and program participants.

- B. Program evaluation includes but is not limited to: a review on the effectiveness and impact of the program; a review of the internal systems such as reporting tools, accounting system, tracking systems, and techniques developed by Subcontractor to serve homeless persons.

34. PROGRAM MONITORING

- A. Authorized representatives of City, Agency, HUD and/or LAHSA shall monitor Subcontractor's performance and conduct program progress reviews at any time during the term of this Agreement. Said representatives shall provide ample written notice to Subcontractor for all announced visits, observe client confidentiality rules and shall have the right of access to all activities and facilities operated by the Subcontractor under this Agreement.
- B. Facilities include all client files, records, personnel files and other documents related to the performance of this Agreement. The review of personnel files for staff under this Agreement shall be limited to job descriptions and résumés. In addition, Subcontractor shall ensure that clients sign a release that authorizes City, Agency, LAHSA and HUD representatives to review client files. Activities include attendance at staff, board of directors, advisory committee and advisory board meetings, interviews with staff and clients, and observation of on-going program functions. The Subcontractor will insure the cooperation of its staff and board members in such efforts.
- C. In order to facilitate monitoring visits, Subcontractor shall maintain at all times a roster of all clients who entered the program during the program year. Said roster shall specify the client name or unique identifier used to track clients, the date the client entered the program and the date the client exited the program.
- D. Monitoring visits will consist of announced and unannounced visits focusing on the extent to which the proposed program has been implemented, measurable goals achieved, effectiveness of program administration and management.

35. FISCAL MONITORING

- A. City, Agency, HUD and/or LAHSA or its authorized representatives reserve the right to dispatch auditors of its choosing to any site where any phase of the program is being conducted, controlled or advanced in any way, tangible or intangible. Said site may include the home office, any branch office or other locations of the Subcontractor if such site or the activities performed thereon have any relationship to the project funded herein. Said representatives shall provide ample written notice to Subcontractor for all announced visits.
- B. Subcontractor shall make available at all times during the term of this Agreement and for a period of five (5) years thereafter, for the purpose of audit or inspection, any and all books, financial documents, papers, records, property, and premises of

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

the Subcontractor. The Subcontractor's staff will cooperate fully with authorized auditors when they conduct audits and examinations of the Subcontractor's program. A financial audit of the Subcontractor's performance under this Agreement shall be conducted at City's, Agency's or LAHSA's discretion.

36. MONITORING REPORTS

- A. City, Agency and/or LAHSA shall issue a monitoring report following the fiscal and program monitoring reviews. The report shall state whether Subcontractor is in compliance or not. If the Subcontractor is not in compliance, the report shall specify the problems noted during the review. The report shall also:
 - i) Fully and correctly identify the finding.
 - ii) Cite program requirements or applicable regulations that have been violated.
 - iii) Specify corrective actions that must be taken.
 - iv) Include a deadline for responding to the monitoring letter and also for correcting each finding identified in the monitoring report.

37. AUDITS

- A. In the event that Subcontractor spends an aggregate of \$500,000.00 (five hundred thousand dollars) or more of federal funds in a fiscal year, Subcontractor shall have conducted within nine (9) months after the close of Subcontractor's fiscal year, an audit in accordance with OMB Circular A-133. The Subcontractor, no later than fifteen days after receipt of the final audit report, shall submit a copy of the audit report to City and Agency.
- B. In the event that Subcontractor spends less than \$500,000 (five hundred thousand dollars) in federal funds in a fiscal year, Subcontractor shall have conducted within nine months after the close of Subcontractor's fiscal year, a financial statement audit. Said audit shall be performed by an independent auditor. The Subcontractor shall submit a copy of the audited financial statement to City and Agency no later than fifteen days after the receipt of the final audited statement.
- C. Agency reserves the right to impose sanctions for Subcontractor's failure to comply with the foregoing subsections A and B and other provisions of this Agreement.

38. AUDIT FINDINGS

- A. Subcontractor agrees that in the event that the program established hereunder is subject to audit finding(s) by independent auditors, City, Agency, LAHSA, or appropriate Local, State and Federal audit agencies, it shall be responsible for complying with such finding(s). In the event that said findings have a fiscal impact on City or Agency, Subcontractor shall repay City or Agency, respectively, the full amount of said finding(s).

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- B. If indications of misappropriation or misapplication of the funds of this Agreement cause City, Agency or LAHSA to require a special audit, the cost of the audit shall be borne by the Subcontractor and is not to be reimbursed from the funds authorized by this Agreement, unless specifically agreed to in writing by LAHSA.

39. DISALLOWED COSTS

- A. In the event that a fiscal monitoring or special audit reveals that Subcontractor has received funds for questioned expenditures under this Agreement, City shall notify and provide Subcontractor the opportunity to justify said expenditures prior to making a final determination of disallowed costs.
- B. Upon final determination of disallowed costs, if any, Subcontractor agrees that it shall pay City in non-federal funds the amount of the disallowance within thirty (30) days of receipt of final notice from City. The disallowed costs may be paid in one lump sum or in increments as agreed upon in a repayment plan. Subcontractor understands that any repayment plan submitted is subject to City approval.

40. DEOBLIGATION

In the event HUD deobligates LAHSA from all or part of this grant as provided in 24 CFR 583.410 (c), LAHSA may deobligate the City, who may deobligate the Subcontractor from all or parts of this grant for acquisition, rehabilitation, new construction, leasing costs, operating costs, supportive services or administrative costs.

41. RECORDS

- A. Records shall be maintained in accordance with requirements prescribed by LAHSA with respect to all matters pertaining to this Agreement. Such records shall be retained within Los Angeles County for a period of five (5) years after receipt of final payment under this Agreement, unless authorization to remove them is granted in writing by the City, Agency and LAHSA.
- B. Expenditures pertaining to subcontracts shall be supported by properly executed documents evidencing in detail the nature of the charges, including but not limited to receipts and invoices. These records shall be made available to City, Agency and LAHSA for copying, audit, and inspection at any time during normal business hours.
- C. At such times and in such forms as City, Agency and/or LAHSA may require, there shall be furnished to City, Agency and/or LAHSA such statements, records, reports, financial data and information as City, Agency and/or LAHSA may request pertaining to matters covered by any subcontract.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

42. REPORTS (N/A)

43. INSURANCE

- A. Without limiting Subcontractor's indemnification of City, Agency or LAHSA, Subcontractor shall, prior to commencing any services under this Agreement, provide and maintain at its own expense during the term of this Agreement a program of insurance satisfactory to City, Agency and LAHSA covering Subcontractor's operations hereunder as specifically defined in Exhibit G of this Agreement, attached hereto and incorporated herein by this reference.

All insurance policies shall contain the following provisions, or Subcontractor shall provide endorsements to add the following provisions to the insurance policies: (1) the City, Agency and LAHSA, their directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the services or operations performed by or on behalf of the Subcontractor; and (2) the insurance coverage shall be primary insurance as respects the City, Agency and LAHSA, their directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Subcontractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, Agency or LAHSA, their directors, officials, officers, employees, agents and volunteers shall be excess of the Subcontractor's insurance and shall not be called upon to contribute with it in any way.

Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City, Agency and LAHSA; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, Agency, LAHSA their directors, officials, officers, employees, agents and volunteers.

All insurance required by this Agreement shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, Agency, LAHSA, its directors, officials, officers, employees, agents and volunteers.

Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VI, licensed to do business in California, and satisfactory to the City.

- B. Subcontractor shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of the Subcontractor pursuant to this Agreement.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- C. City, Agency and/or LAHSA reserve the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving Subcontractor ninety (90) days advance written notice of such change. If such change should result in substantial additional cost to Subcontractor, City, Agency and LAHSA agrees to negotiate additional compensation proportional to the increased benefit to City, Agency and LAHSA.
- D. Failure on the part of Subcontractor to procure or maintain required insurance shall constitute a material breach of contract under which City, Agency and/or LAHSA may immediately take any of the following actions:
 - i) Withhold payment of all invoices submitted to City and Agency for reimbursement;
 - ii) At its discretion, City or Agency may procure or renew such insurance and pay any and all premiums in connection therewith. All moneys so paid by City or Agency shall be repaid by the Subcontractor to City or Agency, respectively, upon demand or City or Agency may offset the cost of the premiums against any moneys due to the Subcontractor from City or Agency;
 - iii) Agency may suspend this Agreement as specified in section 74 of this Agreement until such time that insurance is provided by Subcontractor.

44. INDEMNIFICATION

The Subcontractor agrees to indemnify, defend and save harmless the City of Covina, the Covina Redevelopment Agency, LAHSA, HUD and the City and County of Los Angeles, and their respective agents, officers and employees ("indemnified parties") from and against any and all liability expense, including reasonable defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with the Subcontractor's operations, or its services hereunder, including any workers' compensation suits, liability or expense arising from or connected with services performed on behalf of Subcontractor by any person pursuant to this Agreement.

45. COMPLIANCE WITH LAWS

- A. All parties agree to be bound by applicable Federal, State, and local laws, ordinances, regulations and directives as they pertain to the performance of this Agreement including but not limited to required licenses or permits. Subcontractor further assures and certifies that it shall comply with all applicable program regulations and guidelines.
- B. Applicable regulations, policies, and guidelines subject to the performance of this Agreement include but are not limited to: the Act; 24 CFR Part 583 attached herein as Exhibit K and incorporated herein by this reference, 24 CFR Parts 44, 45, 84 and 85; Uniform Administrative Requirements, (September 13, 1994); U.S. Office of Management and Budget (OMB) Circular numbers A-110, A-122, A-

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

133; HUD's SHP Desk Guide, and LAHSA's Contractor Accounting and Administration Handbook, and any amendments thereto.

46. PROPERTY MAINTENANCE STANDARDS

The Subcontractor providing services under this Agreement must ensure that sufficient property maintenance shall be provided to the facility where services are being provided, as specified in 24 CFR Part 583.300 (b) and 24 CFR Part 84.30.

47. ASSIGNMENT

This Agreement is not assignable by Subcontractor without the express written consent of City or Agency. Any attempt by Subcontractor to assign any performance of the terms of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

48. OVERTIME WORK

Unless specifically stated within this Agreement or authorized by City and Agency in writing, overtime work expenditures shall not be incurred by the Subcontractor under this Agreement.

49. STAFF TRAVEL

Subrecipient may incur expenditures for travel in accordance with OMB Circular A-122.

50. LIMITATION OF CORPORATE ACTS

The Subcontractor shall not move to dissolve, transfer any assets derived from funds provided herein or take any other steps which may materially affect the performance of this Agreement without first notifying City and Agency in writing. The Subcontractor shall notify City and Agency within forty-eight (48) hours, in writing of any change in the Subcontractor's corporate name.

51. EMPLOYMENT OF KEY PERSONNEL

- A. For the purpose of this Agreement, the Regional Director, the Program Manager, the Client Services Coordinator/Case Manager and the Resident Case Manager/House Manager of Subcontractor shall be considered Key Personnel. Substitute or replacement personnel hired by Subcontractor or collaborating sub-subcontractor agencies shall meet the same qualifications as staff identified in the proposal, technical submission and contract budget. Subcontractor warrants that it shall replace all key personnel with equally or better qualified staff and shall notify City and Agency of any such change.
- B. Subcontractor shall ensure that all staff persons providing professional services needed in support of this project shall have appropriate licenses required by Federal, State and local laws. For the purpose of this Agreement, professional

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

services shall constitute services rendered by persons who are members of a particular profession or possess a special skill. Professional services include but are not limited to: medical services, mental health services, accounting services, and legal services.

52. CONTRACTOR PERSONNEL

- A. Subcontractor shall employ persons meeting the qualifications for those positions listed in the proposal, technical submission and contract budget. The Subcontractor shall not use funds provided under this Agreement to pay salaries in excess of the maximum salary designated for each position as listed in the budget.
- B. Deviation of the foregoing limitations shall be in accordance with provisions specified in section 9 subsection F of this Agreement.

53. CONFLICT OF INTEREST

- A. The Subcontractor, its agents and employees shall comply with all applicable Federal, State and local laws and regulations governing conflict of interest including, but not limited to, 24 CFR Part 85 and OMB Circular A-110.
- B. To this end, the Subcontractor will make available to its agents and employees copies of all applicable Federal, State and local laws and regulations governing conflict of interest.
- C. Subcontractor covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administrating any subcontract supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where such person knows or should have known that:
 - i) A member of such person's immediate family, or partner, or organization has a financial interest in the subcontract;
 - ii) The subcontractor is an entity or someone with whom such person has or is negotiating any prospective employment; or
- D. The participation of such persons would be prohibited by the California Political Reform Act, California Government Code Section 87100 et seq. if such person were a public officer, because such person would have a "financial or other interest" in the subcontract. The term "financial or other interest" includes but is not limited to:
 - i) Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward.
 - ii) Any of the following interest in the sub-subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

managerial capacity; or membership on the board of directors or governing body.

- E. The term "immediate family" includes but is not limited to those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, son-in-law, and daughter-in-law.
- F. The Subcontractor further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, anything of monetary value from an actual or potential sub-subcontractor, supplier, a party to a subcontract, (or persons who are otherwise in a position to benefit from the actions of any officer, employee, or agent).
- G. The Subcontractor shall not sub-subcontract with a former director, officer, or employee within a one-year period following the termination of the relationship between said person and the Subcontractor.
- H. The Subcontractor shall disclose to City and Agency any relationship, financial or otherwise, direct or indirect, of the Subcontractor or any of its officers, directors or employees or their immediate family with the proposed sub-subcontractor and its officers, directors or employees. Further, Subcontractor shall disclose to City and Agency any relationship, financial or otherwise, direct or indirect its key personnel may have with its officers, directors or employees or their immediate family.
- I. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the City of Covina, and City of Los Angeles, State of California, and Federal regulations regarding conflict of interest.
- J. The Subcontractor warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this Agreement.
- K. The Subcontractor covenants that no member, officer or employee of Subcontractor shall have any interest, direct or indirect, in any contract or subcontract of the proceeds thereof for work to be performed in connection with this project during his/her tenure as such . employee, member or officer or for one year thereafter.
- L. The Subcontractor shall incorporate the foregoing subsections of this section into every agreement that it enters into in connection with this project and shall substitute the term "subcontractor" for the term "Contractor" and "sub-subcontractor" for "Subcontractor".

54. DISCRIMINATION

No person shall, on the grounds of race, sex, creed, color, religion, age or disability or national origin, be excluded from participation in, be refused the benefits of, or otherwise

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

be subject to discrimination in any activities, program or employment supported by this Agreement.

55. AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT PRACTICES

The Subcontractor shall make every effort to ensure that all projects funded wholly or in part by SHP funds shall provide equal employment and career advancement opportunities for minorities, women and small businesses. In addition, the Subcontractor shall make every effort to employ residents of the area in which this project is located and shall keep a record of the positions that have been created directly as a result of this project.

56. NEPOTISM

- A. Subcontractor shall avoid hiring or permitting the hiring of any person to fill a position funded through this contract if a member of that person's immediate family is employed in an administrative capacity by Subcontractor. For the purpose of this section, the term "immediate family" means spouse, child, mother, father, brother, sister, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, aunt, uncle, niece, nephew, stepparent and stepchild. The term "administrative capacity" means having selection, hiring, supervisory or management responsibilities, including but not limited to serving on the governing body of Subcontractor.
- B. In the event that Subcontractor hires a member of its immediate family, Subcontractor must ensure that said family member is supervised by staff who is not related to the family member. This provision also applies to immediate family members who are related to other staff.

57. EQUAL BENEFITS ORDINANCE (N/A)

58. RELIGIOUS AND POLITICAL ACTIVITIES

Subcontractor agrees that funds under this Agreement will be used exclusively for performance of the work required herein, and that no funds made available under this Contract shall be used to promote religious or political activities. Further, Subcontractor agrees that it will not perform, nor permit to be performed, any religious or political activities in connection with the performance of this Agreement.

59. AMERICANS WITH DISABILITIES ACT

- A. Subcontractor agrees to comply with the requirements of the Americans with Disabilities Act ("ADA") 42 U.S.C. 12101 and to ensure that its programs, services and activities are accessible to and usable by persons with disabilities. Subcontractor further agrees to provide for reasonable accommodations to allow qualified persons with disabilities to have access to and participate in its programs, services and activities in accordance with the provisions of the ADA.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- B. Subcontractor will not discriminate against persons with disabilities nor against persons due to their relationship with a person with a disability. Subcontractor shall not enter into a contract or subcontract that discriminates, whether directly or indirectly, against persons with disabilities. Subcontractor shall sign and date Exhibit F attached herein and incorporated in this Agreement by reference.

60. CITIZEN PARTICIPATION

Subcontractor shall promptly provide all program data necessary for City, Agency and LAHSA to provide reports to citizens. Discussions will be held often enough so that the Subcontractor will be adequately apprised of citizen recommendations during the course of the program. Subcontractor representatives shall be available to respond to questions and receive recommendations at local meetings when so requested by the City Manager or his designee.

61. FEDERAL LOBBYIST REQUIREMENTS

- A. The Subcontractor is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment or modification of said documents. A Certification Regarding Lobbying is attached hereto as Exhibit E and incorporated herein by this reference.
- B. The Subcontractor must certify in writing that it is familiar with the Federal Lobbyist Requirements and that all persons and/or sub-subcontractors acting on behalf of the Subcontractor will comply with the Lobbyist Requirements.
- C. Failure on the part of the Subcontractor or persons/subcontractors acting on behalf of the Subcontractor to fully comply with the Federal Lobbyist Requirements shall be subject to civil penalties.

62. CERTIFICATION REGARDING DEBARMENT

In accordance with Federal regulations regarding debarment as contained in Executive Order Number 12549 and 24 CFR Part 24, Section 24.510, and any amendment thereto, the undersigned attests, to the best of his or her knowledge and belief, that it has adopted and is enforcing A Certification Regarding Debarment, in accordance with the form attached hereto as Exhibit D and incorporated herein by this reference.

63. LEAD-BASED PAINT (N/A)

64. ASBESTOS (N/A)

65. PROGRAM CHANGES (N/A)

66. BUDGET LINE ITEM CHANGES (N/A)

67. CHANGES AND AMENDMENTS OF TERMS (N/A)

68. TIME OF PERFORMANCE MODIFICATIONS (N/A)

69. WAIVERS (N/A)

70. BREACH

In the event any party fails to perform, in whole or in part, any promise, covenant, or agreement herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies at law or equity. Said rights and remedies are cumulative of those provided for herein with respect to termination, if any, except that in no event shall any party recover more than once, suffer a penalty, or forfeiture, or be unjustly compensated.

71. DEFAULTS

- A. Should Subcontractor fail for any reason to comply with the contractual obligations of this Agreement within the time specified herein, City, Agency and LAHSA reserve the right to:
 - i) Suspend project operations in accordance with section 74 of this Agreement; or
 - ii) Terminate this Agreement.

72. SANCTIONS (N/A)

73. PROBATION (N/A)

74. SUSPENSION

- A. City or Agency may suspend all or part of the Project operations for failure of the Subcontractor to comply with the terms and conditions of this Agreement by giving written notice.
- B. Said notice shall set forth the specific conditions of non-compliance, effective date of suspension, period of suspension and period provided for corrective action.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

- C. Within five (5) working days, the Subcontractor shall reply in writing acknowledging that it received the suspension notice and understands the corrective actions prescribed.
- D. During the suspension period, Subcontractor shall cease to operate the program funded herein. In the event that Subcontractor continues to operate the program, City, Agency and LAHSA shall not be liable for any and all expenses incurred during the suspension notice.
- E. Performance under this Agreement shall be automatically suspended without any notice from City, Agency and LAHSA as of the date that the Subcontractor is not fully insured in compliance with Section 43 subsection E of this Agreement.
- F. Subcontractor shall not resume program activities following a suspension until City, Agency and LAHSA authorize the reactivation of the program in writing.
- G. In the event that the Subcontractor is subjected to suspension one (1) or more times during the term of this Agreement, the following may occur:
 - i) Termination of this Agreement; or
 - ii) Threshold failure in any future scoring for a Request For Proposal (RFP) or a Request for Qualification (RFQ) released by LAHSA for a period of five (5) years starting from the effective date of the most recent suspension.

75. TERMINATION FOR CONVENIENCE

During the term of this Agreement, City and Agency may terminate this Agreement for any reason at all upon sixty (60) days prior written notice. The City Manager, or his designee, is hereby authorized to give said notice on behalf of the City and Agency subject to ratification by the City Council/Agency Board. In the event that City and Agency terminate this Agreement for convenience, Subcontractor shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation if any, shall be adjusted in such termination.

76. TERMINATION FOR CAUSE

- A. This Agreement may be terminated by City and Agency upon written notice to the Subcontractor for just cause (failure to perform satisfactorily with no penalties incurred by City and Agency upon termination or upon the occurrence of any of the following events listed below.) The City Manager, or his designee, is hereby authorized to give said notice on behalf of City and Agency subject to ratification by the City Council/Agency Board.
- B. Should the Subcontractor fail to perform all or any portion of the work required to be performed hereunder in a timely and good workmanlike manner or properly carry out the provisions of the Agreement in their true intent and meaning, City and Agency shall terminate the activities of the Subcontractor in whole or in part.
- C. Should the Subcontractor neglect, or inadequately respond or refuse to provide a means for satisfactory compliance with this Agreement and with the corrective

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

actions provided by City and Agency within the time specified in such notice or report, City and Agency shall terminate the activities of the Subcontractor in whole or in part.

- D. City and Agency may immediately terminate this Agreement upon the termination, suspension, discontinuation or substantial reduction in SHP funding for the contract activity or if for any reason the timely completion of the work under this Agreement is rendered improbable, unfeasible or impossible.
- E. This contract may also be terminated or suspended in City's or Agency's sole discretion for actions and behavior by Subcontractor's staff that undermines the integrity of the Program, including but not limited to client, child and staff endangerment, inappropriate and reckless staff behavior, contract noncompliance and health code violations.

77. TERMINATION PROCEDURES

- A. All property, documents, data, studies, reports and records purchased or prepared by the Subcontractor under this Agreement shall be disposed of according to City, Agency and LAHSA directives.
- B. In the event that Subcontractor ceases to operate, (i.e. dissolution of corporate status, declaration of bankruptcy, etc.) Subcontractor shall provide City and Agency copies of all records relating to this Agreement.
- C. Upon satisfactory completion of all termination activities, City and Agency shall determine the total amount of compensation that shall be paid to Subcontractor for any unreimbursed expenses reasonably and necessarily incurred in the satisfactory performance of this Agreement.
- D. City and Agency may withhold any payments due to Subcontractor until such time as the exact amount of damages due to City and Agency from the Subcontractor is determined.
- E. The foregoing subsections A, B, C, and D shall also apply to Agreements terminating upon date specified in section 6 of this Agreement.

78. EFFECT OF TERMINATION (N/A)

79. NOTICES OF SUSPENSION AND TERMINATION

In the event that this Agreement is suspended or terminated, the Subcontractor shall immediately notify all employees and participants and shall notify in writing all other parties contracted under this Agreement within five (5) working days.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

80. PROHIBITION OF LEGAL PROCEEDINGS

The Subcontractor is prohibited from using grant funds received under this Agreement, or funds realized as a result of this Agreement, for the purpose of instituting legal proceedings against City, Agency, LAHSA or HUD or their official representatives.

81. EFFECT OF LEGAL JUDGMENT

Should any covenant, condition or provision herein contained be held to be invalid by final judgment in any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall not in any way affect any other covenant, condition or provision herein contained.

82. CHOICE OF LAW GOVERNING THIS AGREEMENT

This Agreement shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law or those provisions preempted by federal law. Venue shall be in Los Angeles County.

83. INTEGRATED AGREEMENT

This Agreement sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Agreement may be amended only as provided for herein.

84. RESIDENT RENT

Subcontractor may elect to charge program participants for rent under transitional or permanent housing. Rent may be charged but may not exceed the amounts specified in 24 CFR 583.315. In the event that Subcontractor elects to charge rent, Subcontractor must use the rent calculation worksheet contained in the SHP Desk Guide attached herein as Exhibit M.

85. CONTRACT

This non-capital Agreement consists of this document and Exhibits A through M which together constitute the entire understanding and agreement of the parties.

86. AUTHORIZATION WARRANTY

Subcontractor represents and warrants that the signatory to this contract is fully authorized to obligate Subcontractor hereunder and that all corporate acts necessary to the execution of this contract have been accomplished.

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

IN WITNESS WHEREOF, the City, Agency, Authority and Subcontractor have executed this Agreement as of the date first hereinabove set forth.

CITY OF COVINA

By: _____
Daryl J. Parrish, City Manager

City Clerk

COVINA REDEVELOPMENT AGENCY

By: _____
Daryl J. Parrish, Executive Director

Agency Secretary

COVINA HOUSING AUTHORITY

By: _____
Daryl J. Parrish, Executive Director

Agency Secretary

**CATHOLIC CHARITIES OF LOS ANGELES,
INC.**

By: _____
Rev. Monsignor Gregory A. Cox
Its: Executive Director

**AGREEMENT FOR SERVICES TO BE PROVIDED AT
THE MCGILL STREET HOUSE, COVINA FY 2011-2012**

EXHIBIT LIST

EXHIBIT A:	PROJECT DESCRIPTION
EXHIBIT B:	PARTICIPANT ELIGIBILITY GUIDE
EXHIBIT C:	PROJECT BUDGET
EXHIBIT D:	CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY & VOLUNTARY EXCLUSION LOWER TIER COVERED TRANSACTIONS
EXHIBIT E:	FEDERAL CERTIFICATION REGARDING LOBBYING
EXHIBIT F:	CERTIFICATION REGARDING COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT
EXHIBIT G:	INSURANCE REQUIREMENTS
EXHIBIT H:	LAHSA SMALL/INFORMAL BIDS FORM
EXHIBIT I:	[Reserved]
EXHIBIT J:	LAHSA'S CONTRACTOR ACCOUNTING & ADMINISTRATION HANDBOOK
EXHIBIT K:	24 CFR PART 583
EXHIBIT L:	24 CFR PART 84
EXHIBIT M:	CURRENT LIST OF BOARD OF DIRECTORS

**CITY OF COVINA/
COVINA REDEVELOPMENT AGENCY/
COVINA HOUSING AUTHORITY**

AGENDA ITEM COMMENTARY

MEETING DATE: March 8, 2011

ITEM NO.: CC 2

STAFF SOURCE: Robert Neiuber, Deputy Executive Director 
Nuala Gasser, Senior Redevelopment Manager

ITEM TITLE: Authorization of application for the SHP grant through the Los Angeles Homeless Services Authority (LAHSA) for supportive services and operation of the McGill House.

STAFF RECOMMENDATION

- a. Adopt City **Resolution 11-6941** of the City of Covina authorizing application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA.
- b. Adopt Agency **Resolution 11-662** of the Covina Redevelopment Agency supporting the City's application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA.
- c. Adopt Authority **Resolution 11-004** of the Covina Housing Authority supporting the City's application for funds through the Los Angeles Continuum of Care 2010 SuperNOFA.

FISCAL IMPACT

Matching funds will be provided through the Redevelopment Agency Low-to Moderate-Income Housing Fund and project funds. The required matching funds to be expended in FY 2011-2012, will be up to and including \$20,000 for supportive services and \$7,000 for operations, for a total of \$27,000. \$27,000 will be drawn from Undesignated Fund Balance Acct. # 2051-0000-00-33000 and appropriated as follows - \$21,000 to account 2051-4700-00-53741 and \$6,000 to acct 2051-4650-00-53741. The resolutions will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

On April 5, 2005, the City Council approved the application for a grant through the Los Angeles Homeless Services Authority (LAHSA) for supportive services at the McGill House, which was purchased with Agency Low and Moderate-Income Housing funds to provide transitional housing for income qualified families. The Supportive Housing Program (SHP) grant received was a three-year grant which provided for case management services at the house by a contracted party. The grant is renewable in one-year increments. Catholic Charities of Los Angeles is the provider of the case management services.

For fiscal year 2011-2012 the SuperNOFA application will include proposed funding for a one-year grant of \$94,295. Funds would provide supportive services and operating expenses for the

McGill House. The grant and the matching funds must be expended over a one-year period. The grant requires that 20% of the required supportive services and 25% of the required operating expenses be matched by the applicant. Cash match will be met by the Redevelopment Agency Housing set-aside funds and project funds. Five percent of the grant request is available for administrative expenses, which will cover some of the contractor administrative services.

Resolutions Authorizing Application for Funds are attached as Exhibits A, B and C.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable.

EXHIBITS

- A. City Resolution
- B. Agency Resolution
- C. Authority Resolution

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: _____ 
City Manager: _____ 	Other: _____

RESOLUTION NO. 11-6941

A RESOLUTION OF THE CITY OF COVINA AUTHORIZING APPLICATION FOR FUNDS THROUGH THE LOS ANGELES CONTINUUM OF CARE 2010 SUPERNOFA

WHEREAS, the Los Angeles Homeless Services Authority (LAHSA) is preparing the Los Angeles Continuum of Care 2010 SuperNOFA application which includes funding for the 2011-2012 Supportive Housing Program, and

WHEREAS, the McGill House Project is a project which provides transitional housing with appropriate supportive services and is eligible for consideration under the grant, and

WHEREAS, procedures established by the SuperNOFA require the City of Covina to certify, by resolution, approval of the application before submission of said application to LAHSA; and

WHEREAS, if awarded a grant, the City of Covina will enter into an agreement with LAHSA for completion of the project.

WHEREAS, this agreement is based on the availability of Agency funds.

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

SECTION 1. The City Manager or his designee is authorized to apply for funds under this SuperNOFA to operate the McGill House on behalf of the City of Covina.

SECTION 2. The City Manager his designee is hereby authorized and empowered to execute all necessary applications, contracts, agreements, amendments, and payment requests hereto for the purposes of securing grant funds, and to implement and carry out the purposes specified in the grant application.

SECTION 3. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and the same shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

CITY OF COVINA

Mayor

Attest:

City Clerk

RESOLUTION NO. 11-662

A RESOLUTION OF THE COVINA REDEVELOPMENT
AGENCY SUPPORTING CITY'S APPLICATION FOR FUNDS
THROUGH THE LOS ANGELES CONTINUUM OF CARE
2010 SUPERNOFA

WHEREAS, the Los Angeles Homeless Services Authority (LAHSA) is preparing the Los Angeles Continuum of Care 2010 SuperNOFA application which includes funding for the 2011-2012 Supportive Housing Program, and

WHEREAS, the McGill House Project is a project which provides transitional housing with appropriate supportive services and is eligible for consideration under the grant, and

WHEREAS, the grant requires that 20% of the required supportive services and 25% of the required operating expenses be matched, and

WHEREAS, procedures established by the SuperNOFA require the City of Covina to certify, by resolution, approval of the application before submission of said application to LAHSA; and

WHEREAS, if awarded a grant, the City of Covina will enter into an agreement with LAHSA for completion of the project.

WHEREAS, the budget for the COVINA REDEVELOPMENT AGENCY ("Agency") for Fiscal Year commencing July 1, 2010 and ending June 30, 2011 was approved on June 15, 2010; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the Executive Director, amendments (increases/decreases) to the Budget shall be by approval and resolution of the Agency Board; and

WHEREAS, the Agency wishes to assist in the provision of affordable housing opportunities by providing funding for the as required under the SHP grant; and

WHEREAS, if the grant application is successful, the resulting contract with LAHSA for use of FY 11-12 funds is based on the availability of Agency funds

NOW, THEREFORE, THE COVINA REDEVELOPMENT AGENCY BOARD DOES
RESOLVE AS FOLLOWS:

SECTION 1. The Agency approves the City of Covina's application for funds under the SuperNOFA for operating funds for the McGill House and authorizes the payment of matching funds of not to exceed \$27,000.

SECTION 2. Amend the fiscal year 2010-2011 Covina Redevelopment Agency operating budget as follows: \$21,000 to be allocated to Account 2051-4700-00-53741, and \$6,000 to be allocated to 33000 to Account 5011-4650-00-53741.

SECTION 3. Should Agency funds not be available then no other funding can be compelled or required by the FY 11-12 LAHSA Contract .

SECTION 4. The Executive Director or his designee is hereby authorized and empowered to implement and carry out the purposes specified in the grant application, including authorization of disbursement of matching funds.

SECTION 5. The Secretary shall certify to the passage and adoption of this resolution and the same shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of March 2011.

COVINA REDEVELOPMENT AGENCY

Chairman

Attest:

Secretary

RESOLUTION NO. 11-004

**A RESOLUTION OF THE COVINA HOUSING AUTHORITY
SUPPORTING CITY'S APPLICATION FOR FUNDS
THROUGH THE LOS ANGELES CONTINUUM OF CARE
2010 SUPERNOFA**

WHEREAS, the Los Angeles Homeless Services Authority (LAHSA) is preparing the Los Angeles Continuum of Care 2010 SuperNOFA application which includes funding for the 2011-2012 Supportive Housing Program, and

WHEREAS, the McGill House Project is a project which provides transitional housing with appropriate supportive services and is eligible for consideration under the grant, and

WHEREAS, the grant requires that 20% of the required supportive services and 25% of the required operating expenses be matched, and

WHEREAS, procedures established by the SuperNOFA require the City of Covina to certify, by resolution, approval of the application before submission of said application to LAHSA; and

WHEREAS, if awarded a grant, the City of Covina will enter into an agreement with LAHSA for completion of the project.

WHEREAS, this agreement is based on the availability of Agency funds.

NOW, THEREFORE, THE COVINA HOUSING AUTHORITY BOARD DOES RESOLVE AS FOLLOWS:

SECTION 1. The Authority approves the City of Covina's application for funds under the SuperNOFA for operating funds for the McGill House.

SECTION 2. The Executive Director or his designee is hereby authorized and empowered to implement and carry out the purposes specified in the grant application.

SECTION 3. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 4. The Secretary shall certify to the passage and adoption of this resolution and the same shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of March 2011.

COVINA REDEVELOPMENT AGENCY

Chairman

Attest:

Secretary

**CITY OF COVINA/
COVINA REDEVELOPMENT AGENCY/
COVINA HOUSING AUTHORITY**

AGENDA ITEM COMMENTARY

MEETING DATE: March 8, 2011

ITEM NO.: CC 3

STAFF SOURCE: Robert Neiuber, Director of Community Development/ *RN*
Deputy Executive Director Redevelopment
Nuala Gasser, Senior Redevelopment Manager

ITEM TITLE: City Council/Redevelopment Agency/Covina Housing Authority to authorize the agreements for rental subsidy through December 31, 2011.

STAFF RECOMMENDATION

Adopt **Joint Agency/Housing Authority Resolution No. 11-663** approving the continuation of the rental subsidy program through December 31, 2011, and approving the First Amendment to participants' agreements ("Agreement") at apartment complexes citywide.

FISCAL IMPACT

The rental subsidy program is budgeted through June 30, 2011. The funding in the amount of \$40,000 for the period July 1, 2011 through December 31, 2011 will be allocated and encumbered from Account 2052-0000-00-33000 paid through account 2052-4700-00-53780. The Agreement and Resolution will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

Since 1987, the Covina Redevelopment Agency has used Redevelopment Low and Moderate Income Housing set-aside funds to assist qualifying low-income tenants in Covina with rent subsidies. The specifics of the program have varied over the years, but since 1996, the program has served low-income seniors and one disabled person. In January 2002, a new law AB 637 went into effect in California which passed new requirements on the proportionality of low/mod funds to be distributed

This law requires that over the duration of a housing implementation plan (a ten-year period), each agency is to spend monies from the Housing Fund for low- and very low-income persons in at least the proportion of the total housing need that these income groups represent, as determined by the Regional Housing Needs Assessment.

In addition, each agency is to spend monies during this same period of time for housing available to families with children in at least the same proportion as the population under age 65 bears to

the total population of the community as reported in the most recent census. This is the issue that impacted Covina's set-aside program.

Agency staff worked with the legislature in Sacramento and in the clean-up legislation, Covina was exempted from the proportionality requirement under SB 701 until January 2012. Under the agreement, Covina would not add new participants to the housing subsidy program. In the period between 2002 and the present, the program went from serving 60 people to 16 people. The agreement with each participant has been revised to reflect the termination date of December 31, 2011. Based on the funds available at the end of the 2011 calendar year, an extension to this program may be brought back to the Council/Agency Board/Authority for consideration.

The sixteen program participants live at the following apartment complexes:

- Senior Housing, 227 N. Citrus Avenue, Covina CA 91723
- Village Green Senior Housing, 152 E. Covina Blvd., Covina, CA 91723
- Vista Pointe Apartments, 1400 N. Grand Avenue, Covina, CA 91724

In addition to the grandfathered rental subsidy program, the Redevelopment Agency also funds a rental subsidy program under the Continuum of Care for homeless families that successfully achieve their goals in the transitional housing program. Funding for this program is included in the budget through December 31, 2011.

At this time, Staff is seeking approval of the rental subsidy program through December 31, 2011 as provided for in the State legislation. Currently the Council/Agency has only authorized the program through the end of this fiscal year, June 2011. Additionally, Staff is seeking approval of amendments to all participants' agreements to clarify this termination date of December 31, 2011 and extend the notice required to be given to participants if the Agency were to terminate the agreements early.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable.

EXHIBITS

- A. Agency Resolution
- B. Rental Subsidy Agreement

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director:  _____
City Manager:  _____	Other: _____

EXHIBIT A
COVINA REDEVELOPMENT AGENCY

RESOLUTION NO. 11-663

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING THE CONTINUATION OF THE RENTAL SUBSIDY PROGRAM THROUGH DECEMBER 31, 2011, AND APPROVING THE FIRST AMENDMENT TO PARTICIPANTS' AGREEMENTS AT APARTMENT COMPLEXES CITYWIDE

WHEREAS, the COVINA REDEVELOPMENT AGENCY ("Agency") is engaged in activities necessary to execute and implement the Redevelopment Plans for the Covina Revitalization Redevelopment Project No. 1 and Project No. 2 ("Projects");

WHEREAS, in carrying out the Projects, the Agency is assisting in the provision of housing in order to improve the supply and availability of lower income housing in the community;

WHEREAS, the Agency has administered a rental subsidy program for qualified residents since 1987, serving low-income persons, and wishes to continue such funding as allowed by law through December 31, 2011;

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law;

WHEREAS, the budget for the COVINA REDEVELOPMENT AGENCY ("Agency") for Fiscal Year commencing July 1, 2010 and ending June 30, 2011 was approved on June 15, 2010; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the Executive Director, amendments (increases/decreases) to the Budget shall be by approval and resolution of the Agency Board, and

WHEREAS, this agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Agreement which establishes the terms and conditions for the Agency's assistance is hereby approved in the form presented with such changes as the Executive Director may approve with the concurrence of the Agency Counsel, provided that the total Agency expenditures under the Agreement is not increased beyond the amount authorized by the Agency budget.

SECTION 2. The Agency hereby finds and determines that provision of assistance to the Participants will be of benefit to the Projects although the housing provided is inside and outside of the boundaries of the Projects.

SECTION 3. Amend the fiscal year 2010-2011 Covina Redevelopment Agency operating budget as follows: \$40,000 from the Low-to Moderate-Income Housing Fund Undesignated Fund Balance Account 2052-0000-00-33000 to Account 2052-4700-00-53780.

SECTION 4. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 5. The Executive Director is hereby authorized to execute said Agreement on behalf of the Agency.

SECTION 6. The Secretary shall certify to the passage and adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

COVINA REDEVELOPMENT AGENCY

Chairman

ATTEST:

Secretary

APPROVED AS TO FORM:

Agency Attorney

EXHIBIT A, Page 2 of 2

EXHIBIT B

COVINA REDEVELOPMENT AGENCY FIRST AMENDMENT TO RENTAL ASSISTANCE AGREEMENT

I, _____ and _____ am entering into an amendment to prior agreement with the Covina Redevelopment Agency ("Agency") to become a participant in the Agency's Rent Subsidy Program ("Program"). As a participant in the Agency's Program, I/we understand that I/we will be responsible for paying thirty percent (30%) (\$ _____) of my/our monthly income toward my/our rent in the City of Covina. I/we understand that I/we will be responsible for making my/our rent payment directly to the landlord. The Agency will pay the remaining amount (\$ _____) of the rent due to the landlord on the first of the month in which it is due. This payment will be made directly to the landlord.

The Agency's portion of this rent subsidy shall be due and payable under the same terms and conditions as the tenant's portion of the rent except that the Agency shall be liable only for any late charges for the Agency's own checks. This Agreement will run through December 31, 2011, and the Agency may modify or terminate its obligation under this agreement upon ninety (90) days written notice to tenant and landlord.

This agreement is based on the availability of Agency funds, and should Agency funds not be available then no other funding can be compelled or required by the Agreement.

As participants in the Program, I/we understand that the Agency's assistance with rent is not transferable to another rental property.

I/we understand that it is our responsibility to inform the Agency of any change to my/our income status or any other condition that may affect my/our standing in the Rent Subsidy Program in a timely manner (14 calendar days). Failure to do so will be grounds for removal from the Rent Subsidy Program.

I/we have also read and understand the rules and regulations for the Agency's Rent Subsidy Program and acknowledge that it is my/our responsibility to abide by them. Failure to do so will be grounds for removal from the Agency's Rent Subsidy Program.

I certify that I live in the unit and the unit is my only place of residence. The premises shall be used as a private dwelling for myself and the individuals listed on the Certification and Recertification of Tenant Eligibility. Other individuals may reside in the unit only after obtaining prior written approval of the Landlord and Agency.

The parties signing this agreement warrant(s) and agree(s) that he/she has the authority to sign as representative for the firms as indicated.

Applicant Signature

Applicant Signature

Applicant (Print Name)

Applicant (Print Name)

Social Security #

Social Security #

Date

Date

Approved By:

(insert name)
Covina Redevelopment Agency

Date

(insert name)
(insert name of Apartment)

Date

COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY

MEETING DATE: March 8, 2011

ITEM NO.: NB 1

STAFF SOURCE: Robert Neiuber, Director of Community Development *R*
Nuala Gasser, Senior Redevelopment Manager
Elizabeth Hull, Agency Attorney

ITEM TITLE: Approval of additional Participant, City Ventures, in Vintage Walk Participation Agreement dated December 6, 2005, and approval of the funding for the Down Payment Assistance Program for assistance in three affordable Vintage Walk units

AGENCY/STAFF RECOMMENDATION

- a. Approve First Amendment to Participant Agreement (“First Amendment”), approving one additional participant, City Ventures, in that certain Participation Agreement between the Covina Redevelopment Agency and Olson Urban Housing, LLC (“Agreement”).
- b. Adopt Agency **Resolution 11-664** amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$90,000 from Housing set-aside undesignated funds to fund the Down Payment Assistance Program, Vintage Walk Phase Two project.

FISCAL IMPACT

Funding for the Down Payment Assistance Program is provided through the Covina Redevelopment Agency Account 2052-4700-00-53751 in the amount of \$90,000, and will be allocated and encumbered from Account 2052-0000-00-33000. The Agreement and Resolution will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

Addition of City Ventures Homebuilding, LLC, as “Participant No. 2”

Phase 1 of Vintage Walk, a 60-unit market-rate condominium development at Third and Geneva, was developed by Olson Urban Housing, LLC, (the “Participant”) in 2006, and included six moderate-income affordable homes. The Conditions of Approval for this project were approved by the City Council on February 15, 2005 for the Site Plan Review, Conditional Use Permit and Tract Map, and were based on the construction of 90 units to be built as Phase 1 and Phase 2. Pursuant to Section 3.7 of the Conditions of Approval, the Developer was obligated to complete all phases of Development.

Phase Two, originally anticipated to be developed by Olson, is now proposed to be developed by a second developer, City Ventures, in accordance with the requirements of the Conditions of Approval for the project, and in accordance with the Participation Agreement, approved December 6, 2005 by the Agency Board and as amended by the First Amendment. The

Agreement effectuates the Covina Revitalization Redevelopment Project No. Two by providing for affordable housing units to be constructed by Participant within the Redevelopment Project Area, as part of its condominium development of a portion of the Project Area acquired by Participant from third parties, in accordance with California Community Redevelopment Law (Health & Safety code section 33000 et seq., the CRL)

Section 1.6 of the Participation Agreement prohibits the assignment of any part of the Agreement without the prior written approval of Agency "which approval shall not be unreasonably withheld". Olson Urban Housing, LLC constructed and sold all 60 units in Phase 1. City Ventures has acquired the land for the development of Phase 2 of Vintage Walk. Responsibility for the requirements for the construction of the final thirty (30) units, including three units affordable to moderate-income households, will be assigned to City Ventures Homebuilding, LLC. City Ventures Homebuilding, LLC, 2850 Redhill Avenue, Suite 200, Santa Ana, CA 92705 will be added as an additional "participant" to the listing in Section 1.5.2 of the Agreement, as described in the First Amendment, attached as Exhibit A, and City Ventures homebuilding, LLC, will assume all obligations of the Participation Agreement as it relates to Phase 2.

In accordance with the Agreement, City Ventures has agreed to develop on the site thirty (30) units, including three (3) condominium residential "Designated Units" available solely to persons and families of moderate income who are eligible under income and affordability requirements. Sale of the affordable units will be in compliance with the terms of the agreement.

In accordance with the California Environmental Quality Act (CEQA), a Mitigated Negative Declaration was approved for the Vintage Walk Project in 2005. This agreement does not alter the determination of the Mitigated Negative Declaration as this is an assignment of the contract that does not result in new or additional environmental impacts beyond what was considered and approved under the original CEQA document. This agreement is exempt from CEQA in accordance with Section 15378 (b) (4) not a project.

The Down Payment Assistance Program

California law requires that 15% of all housing units developed within a redevelopment project be provided for low- and moderate-income housing. To assist buyers to bridge the affordability gap between funds available for the down payment and closing costs, and the mortgage amount at which the payment would be affordable under California law, it is proposed that the current Down Payment Assistance Program, adopted pursuant to Resolution Nos. 05-532 and 05-548, will be offered for the three (3) Designated Units for a total cost of \$90,000. Terms of the program are consistent with the current Down Payment Assistance Program and are described in Exhibit B, "Information Matrix." The Down Payment Assistance Program authorizing documents, Resolution No. 05-532 and Resolution 06-548, modifying the program for an increase in funding amount to \$30,000 and a decrease from original interest rate from 3% to 1.5%, are attached as Exhibit C.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable

EXHIBITS:

- A. Amendment No. 1 to Participation Agreement
- B. Down Payment Assistance Program Information Matrix
- C. Resolution No. 05-532 and 06-548
- D. Agency Resolution approving budget appropriation
- E. Participation Agreement (on file in Redevelopment office)

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: _____
City Manager: <u> P </u>	Other: _____

EXHIBIT A

FIRST AMENDMENT TO PARTICIPATION AGREEMENT

This First Amendment to Participation Agreement (Amendment) is entered into as of March 9, 2011, by and between the Covina Redevelopment Agency ("Agency"), a public body, corporate and politic and Olson Urban Housing, LLC (Participant 1), a Delaware limited liability company and City Ventures Homebuilding, LLC (Participant 2), a Delaware limited liability company, who agree as follows:

1. RECITALS

1.1 The Agency is carrying out the Redevelopment Plan for the Covina Revitalization Redevelopment Project No. 2 (the Project). In connection with such Project, Agency entered into the Participation Agreement for the project known as Vintage Walk on December 6, 2005 ("Agreement").

1.2 Pursuant to the Agreement, Participant 1 agreed to develop ninety (90) residential units, including nine (9) restricted Affordable Units, in two phases. Participant 1 constructed sixty (60) residential units, including six (6) restricted Affordable Units, for the first phase.

1.3 Participant 1 has not proceed with the acquisition of land for or the construction of Phase 2. Participant 2 has acquired the land for Phase 2 from the original fee owner of the entire site anticipated for development as Vintage Walk. Participant 1 wishes to assign the obligations regarding the remaining thirty (30) residential units, including three (3) restricted Affordable Units, ("Phase 2") to Participant 2, and Participant 2 is willing to carry out and assume the requirements and obligations under the Agreement for Phase 2 of the Vintage Walk project.

1.4 Agency consents to the assignment and assumption of obligations from Participant 1 to Participant 2 of the Agreement for Phase 2, pursuant to the terms and conditions set forth in the Agreement as amended by this Amendment.

1.5 Section 1.6 of the Agreement requires that all assignments be approved in writing by the Agency.

2. AGREEMENT

2.1 Section 1.5.2 of the Agreement shall be amended to include a second Participant as follows:

"The term "Participant" shall refer to, collectively, Participant 1 and Participant 2:

Participant 1:
Participant, Olson Urban Housing, LLC, is a Delaware

limited liability company. The principal office of Developer and the Olson Company is 3020 Old Ranch Parkway, Suite 400, Seal Beach, CA 90740-2751.

Participant 2:

Participant, City Ventures Homebuilding, LLC, is a Delaware limited liability company. The principal office of Developer and City Ventures Homebuilding, LLC is 2850 Redhill Avenue, Suite 200, Santa Ana, CA 92705.”

2.2 Assumption of Obligations. Participant 2 expressly and unconditionally agrees to assume all duties and obligations of Participant 1 under the Agreement with respect to the thirty (30) residential units to be developed on the Site, including three (3) residential Affordable Units, remaining to be performed on the effective date of this Amendment. Participant 1 (for purposes of this paragraph, “Assignor”) does hereby acknowledge and agrees and reaffirms that effective the date of this Agreement, (“Effective Date”) it does assign to Participant 2 (for purposes of this paragraph, “Assignee”) all of Assignor’s interests to, in and under the Agreement with respect to Phase 2, the Site development of thirty (30) remaining residential units, including three (3) residential Affordable Units. Assignee does hereby acknowledge and agrees and reaffirms that, effective as of the Effective Date, it did assume all of Assignor’s interests to, in and under the Agreement with respect to Phase 2, the Site development of thirty (30) remaining residential units, including three (3) residential Affordable Units, as well as all responsibilities, liabilities and obligations under the Agreement with respect to Phase 2. From and following the Effective Date, the term “Developer” or “Participant” as used in the Agreement with respect to Phase 2, the Site development of thirty (30) remaining residential units, including three (3) residential Affordable Units, shall mean Participant 2. By its execution of this Amendment, the Agency hereby agrees that this constitutes a permitted transfer under the Agreement. Participant 2 hereby agrees to assume all duties and obligations governing Phase 2 of the Agreement and develop the Site in accordance with all terms of the Agreement, including the Contract Documents attached thereto, and the Conditions of Approval, approved by the City Council on February 15, 2005 for the Site Plan Review, Conditional Use Permit and Tract Map and incorporated herein by reference.

2.3 The first paragraph of Section 2.1 of the Agreement shall be amended as follows:

“Participant shall develop on the Site nine (9) residential units which shall be Affordable Units, as hereinafter defined, in accordance with and within the limitations in the “Scope of Development” incorporated herein and attached to this Agreement as Attachment No. 3, with Participant 1 developing six (6) Affordable Units and Participant 2 developing three (3) Affordable Units. Such nine residential units are sometimes hereinafter referred to as “Affordable Units.” Each of the nine residences to be constructed within the Site is sometimes hereinafter referred to as an “Affordable Unit.” Participant may construct such additional residential units on the Site as are permitted by the City which are not subject to the restrictions of this Agreement as Affordable Units.”

2.4 Section 3.1 of the Agreement shall be amended as follows:

“The California Community Redevelopment Law (Health & Safety code section

33000 et seq.), (the CRL) requires that the Agency provide at least fifteen percent (15%) of all new or substantially rehabilitated dwelling units developed within the area of redevelopment project by public or private entities or persons other than the Agency shall be available at an affordable housing cost to persons and families of low or moderate Income as such terms are hereinafter defined. Participant agrees to provide nine (9) residential units (with Participant 1 to provide six (6) and Participant 2 to provide three 3(2)) which will be sold and restricted as Designated Units as hereinafter defined within the Site. For purposes of this Agreement, the term "Persons and Families of Moderate Income" means persons and families whose income does not exceed 120% of Area Median Income, as defined in California Health & Safety Code section 50079.5 (or such lower percentage for Los Angeles County as determined by HCD). The term "Area Median Income" means the median family income, as adjusted for family size, for the Los Angeles County Standard Metropolitan Statistical Area, as annually estimated by the regulations of the California Department of Housing and Community Development (HCD). The term "Affordable Housing Cost" as defined in California Health & Safety Code §50052.5 means a total monthly cost for the Affordable Unit which is not less than 28% and does not exceed 35% of Area Median Income.

Participant agrees to develop on the Site as Designated Units nine (9) condominium residential units available solely to Persons and Families of Moderate Income who meet the requirements of the Sections 3.1 through 3.5 (an Eligible Family)."

2.5 All defined terms used in this Amendment shall have the same meanings set forth in the Agreement. Except as specifically modified by this Amendment, the Agreement shall remain in full force and effect. To the extent of any inconsistency between the terms and conditions of this Amendment and the Agreement, the terms and conditions of this Amendment shall control.

2.6 This Amendment may be executed in any number of identical 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 when each party has signed one such counterpart.

2.7 Each party warrants that the individuals who have signed this Amendment have the legal power, right, and authority to make this Amendment and bind each respective party.

2.8 If Redevelopment Agency Funds should not be available then no other funding can be compelled or required by the Agreement

**SIGNATURE PAGE TO
FIRST AMENDMENT TO PARTICIPATION AGREEMENT
BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA,
OLSON URBAN HOUSING, LLC AND CITY VENTURES HOMEBUILDING, LLC**
Executed by Agency on March 8, 2011

Approved:

Covina Redevelopment Agency

Best, Best & Krieger

By: _____
Agency Counsel

By: _____
Daryl J. Parrish
Executive Director

Attest:

By: _____
City Clerk

Olson Urban Housing, LLC, a Delaware limited liability company

By: The Olson Company, a California Corporation
Its Managing Member

By: _____

City Ventures Homebuilding, LLC.

By: _____

EXHIBIT B

Information Matrix

Down Payment Assistance Program	
Amount	Covina Redevelopment Agency will carry back up to a \$30,000 second trust deed if requested by Buyer to allow the buyers to qualify as purchasers.
Forgivable if occupied for over 20 years	The second will be a no-interest, no-payment second for the first twenty years the buyer lives in the home, to be forgiven at the end of 20 years of continuous occupancy by the original buyer.
Repayment Conditions if sold during 20 years	If the home is sold, rented, or transferred within the twenty-year period, the second will be payable with interest.
Interest if repaid during 20 years	Simple interest at the rate of 1.5%
Subordinate to First Mortgage	The loan would be subordinate to the loan obtained by the Buyer for the purchase price other than the amount lent by the Agency.
Loan-to-Value Ratio	The loan to value ratio (i.e., the ratio between the sum of the First Lien and the Agency loan on the one hand, and the fair market value of the Property determined as the purchase price) is no more than ninety seven percent (97%).
Restriction on sale	For 45 years, home can be sold only to another qualified affordable buyer.
Buyer income restrictions	The homes are priced for moderate-income households e.g.: A household of 4 earns up to \$75,600
Affordable Housing Cost	Monthly payment cannot exceed an amount set by formula by state law.
Asset Restriction	\$50,000 in excess of the down payment required in order to meet state affordability requirements.
Priority List	Covina residents and workers would be given priority
Mortgage Type	Limited to conventional loans not to exceed a period of 40 years.

EXHIBIT C

RESOLUTION 05-532

And

RESOLUTION 06-548

RESOLUTION NO. 05-532

A RESOLUTION OF THE COVINA REDEVELOPMENT
AGENCY APPROVING CRITERIA FOR A MODERATE
INCOME HOUSING DOWN PAYMENT ASSISTANCE
PROGRAM

WHEREAS, the Covina Redevelopment Agency (Agency) is engaged in activities necessary to execute and implement the Redevelopment Plan for the Redevelopment Project No. 1 and Redevelopment Project No. 2 (collectively referred to as the Redevelopment Projects);

WHEREAS, pursuant to the California Health and Safety Code Section 33334.2, the Agency has established a Low and Moderate Income Housing Fund (the Housing Fund) and the Agency is authorized to assist in the provision of housing for low and moderate income persons;

WHEREAS, the Agency wishes to establish criteria for offering a down payment assistance program to certain home buyers purchasing homes as their residences constructed within the Redevelopment Projects;

WHEREAS, the use of funds from the Housing Fund will assist in the provision of affordable housing which are restricted to residences constructed within the Redevelopment Project on or after January 1, 2006.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Agency hereby approves the down payment assistance program set forth on Exhibit A attached hereto.

SECTION 2. The Agency finds and determines that expenditure of housing funds for the down payment assistance program will be of benefit to the Redevelopment Projects.

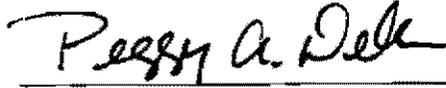
SECTION 3. The Executive Director is authorized to establish the loan documents and disclosure statements to carry out the down payment assistance program for residences constructed within the Redevelopment Project after January 1, 2006.

SECTION 4. The Agency approves an allocation of \$135,000 from the Housing Fund for fiscal year 2005-2006. The amount of future allocations from the Housing Fund shall be as provided in the Agency's annual budget.

SECTION 5. The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

PASSED, APPROVED AND ADOPTED this 6th day of December, 2005.

COVINA REDEVELOPMENT AGENCY



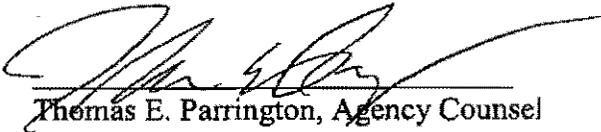
Peggy A. Delach, Chairperson

ATTEST:



Rosie Fabian, Agency Secretary

APPROVED AS TO FORM:


Thomas E. Parrington, Agency Counsel

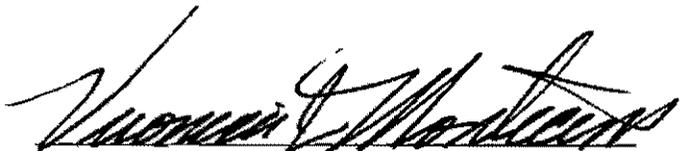
I, VERONICA J. MONTECINO, CMC, Assistant Secretary of the Covina Redevelopment Agency, hereby CERTIFY that Resolution No. 05-532 was adopted by the Covina Redevelopment Agency at a regular meeting of the Agency held December 6, 2005, and was approved and passed by the following vote:

AYES: Agency Members Chadwick, King, Stapleton, Vice Chairman Juarez, Chairman Delach

NOES: None

ABSTAIN: None

ABSENT: None



Veronica J. Montecino, CMC
Assistant Agency Secretary

EXHIBIT A

Information Matrix

Down Payment Assistance Program	
Amount	Covina Redevelopment Agency will carry back up to a \$22,500 second trust deed if requested by Buyer, or as required to allow the buyers to qualify as purchasers.
Forgivable over 20 years	Staff will propose that the second be a no-interest, no-payment second for the first twenty years the buyer lives in the home, to be forgiven at the end of 20 years of continuous occupancy by the original buyer.
Repayment Conditions	If the home is sold, rented, or transferred within the twenty-year period, the second will be payable with interest.
Interest if repaid	Interest to be established by City Council, but is estimated to accrue on the agency loan at the same rate as the first mortgage loan obtained by Buyer from a third party institutional lender at the time Buyer purchased the property.
Subordinate to First Mortgage	The loan would be subordinate to the loan obtained by the eligible family for the purchase price other than the amount lent by the Agency.
Loan-to-Value Ratio	The loan to value ratio (i.e., the ratio between the sum of the First Lien and the Agency loan on the one hand, and the fair market value of the Property determined as the purchase price) is no more than ninety seven percent (97%).
Restriction on sale	<ul style="list-style-type: none"> ▪ For 45 years, home can be sold only to another qualified affordable buyer.
Buyer income restrictions	<ul style="list-style-type: none"> ▪ The homes are priced for moderate-income households e.g.: A household of 4 earns up to \$66,100
Affordable Housing Cost	<ul style="list-style-type: none"> ▪ Monthly payment cannot exceed an amount set by formula by state law.
Asset Restriction	<ul style="list-style-type: none"> ▪ \$50,000 in excess of the down payment required in order to meet state affordability requirements.
Priority List	<ul style="list-style-type: none"> ▪ Covina residents and workers would be given priority
Mortgage Type	<ul style="list-style-type: none"> ▪ Limited to conventional loans not to exceed a period of 40 years.

EXHIBIT B

Information Matrix

Down Payment Assistance Program	
Amount	Covina Redevelopment Agency will carry back up to a \$30,000 second trust deed if requested by Buyer, or as required to allow the buyers to qualify as purchasers.
Forgivable over 20 years	Staff will propose that the second be a no-interest, no-payment second for the first twenty years the buyer lives in the home, to be forgiven at the end of 20 years of continuous occupancy by the original buyer.
Repayment Conditions	If the home is sold, rented, or transferred within the twenty-year period, the second will be payable with interest.
Interest if repaid	Simple interest at the rate of 1.5%
Subordinate to First Mortgage	The loan would be subordinate to the loan obtained by the eligible family for the purchase price other than the amount lent by the Agency.
Loan-to-Value Ratio	The loan to value ratio (i.e., the ratio between the sum of the First Lien and the Agency loan on the one hand, and the fair market value of the Property determined as the purchase price) is no more than ninety seven percent (97%).
Restriction on sale	For 45 years, home can be sold only to another qualified affordable buyer.
Buyer income restrictions	The homes are priced for moderate-income households e.g.: A household of 4 earns up to \$75,600
Affordable Housing Cost	Monthly payment cannot exceed an amount set by formula by state law.
Asset Restriction	\$50,000 in excess of the down payment required in order to meet state affordability requirements.
Priority List	Covina residents and workers would be given priority
Mortgage Type	Limited to conventional loans not to exceed a period of 40 years.

CRA

RESOLUTION NO. 06-548

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING CRITERIA FOR A MODERATE INCOME HOUSING DOWN PAYMENT ASSISTANCE PROGRAM

WHEREAS, the Covina Redevelopment Agency (Agency) is engaged in activities necessary to execute and implement the Redevelopment Plan for the Redevelopment Project No. 1 and Redevelopment Project No. 2 (collectively referred to as the Redevelopment Projects);

WHEREAS, pursuant to the California Health and Safety Code Section 33334.2, the Agency has established a Low and Moderate Income Housing Fund (the Housing Fund) and the Agency is authorized to assist in the provision of housing for low and moderate income persons;

WHEREAS, the Agency wishes to establish criteria for offering a down payment assistance program to certain home buyers purchasing homes as their residences constructed within the Redevelopment Projects;

WHEREAS, the use of funds from the Housing Fund will assist in the provision of affordable housing which are restricted to residences constructed within the Redevelopment Project on or after January 1, 2006.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Agency hereby approves the down payment assistance program set forth on Exhibit A attached hereto.

SECTION 2. The Agency finds and determines that expenditure of housing funds for the down payment assistance program will be of benefit to the Redevelopment Projects.

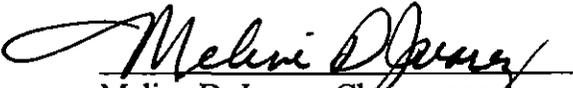
SECTION 3. The Executive Director is authorized to establish the loan documents and disclosure statements to carry out the down payment assistance program for residences constructed within the Redevelopment Project after January 1, 2006.

SECTION 4. The Agency approves an allocation of \$180,000 from the Housing Fund for fiscal year 2006-2007. The amount of future allocations from the Housing Fund shall be as provided in the Agency's annual budget.

SECTION 5. The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

PASSED, APPROVED AND ADOPTED this 18th day of July, 2006.

COVINA REDEVELOPMENT AGENCY


Meline D. Juarez, Chairperson

ATTEST:


Rosie Fabian, Agency Secretary

APPROVED AS TO FORM:


Thomas E. Parrington
Agency Counsel

I, VERONICA J. MONTECINO, CMC, Assistant Secretary of the Covina Redevelopment Agency, hereby CERTIFY that Resolution No. 06-548 was adopted by the Covina Redevelopment Agency at a regular meeting of the Agency held July 18, 2006, and was approved and passed by the following vote:

AYES: Agency Members Chadwick, Delach, Stapleton, Vice Chairman King, Chairperson Juarez

NOES: None

ABSTAIN: None

ABSENT: None

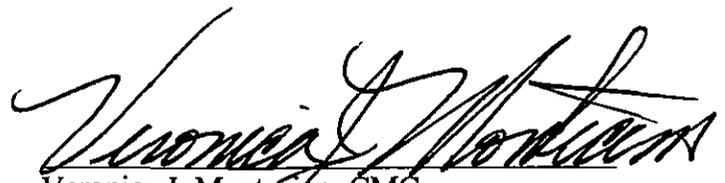

Veronica J. Montecino, CMC
Assistant Agency Secretary

EXHIBIT A

Information Matrix

Down Payment Assistance Program	
Amount	Covina Redevelopment Agency will carry back up to a \$30,000 second trust deed if requested by Buyer, or as required to allow the buyers to qualify as purchasers.
Forgivable over 20 years	Staff will propose that the second be a no-interest, no-payment second for the first twenty years the buyer lives in the home, to be forgiven at the end of 20 years of continuous occupancy by the original buyer.
Repayment Conditions	If the home is sold, rented, or transferred within the twenty-year period, the second will be payable with interest.
Interest if repaid	Interest to be established by City Council, but is estimated to accrue on the agency loan at the same rate as the first mortgage loan obtained by Buyer from a third party institutional lender at the time Buyer purchased the property.
Subordinate to First Mortgage	The loan would be subordinate to the loan obtained by the eligible family for the purchase price other than the amount lent by the Agency.
Loan-to-Value Ratio	The loan to value ratio (i.e., the ratio between the sum of the First Lien and the Agency loan on the one hand, and the fair market value of the Property determined as the purchase price) is no more than ninety seven percent (97%).
Restriction on sale	<ul style="list-style-type: none"> ▪ For 45 years, home can be sold only to another qualified affordable buyer.
Buyer income restrictions	<ul style="list-style-type: none"> ▪ The homes are priced for moderate-income households e.g.: A household of 4 earns up to \$67,400
Affordable Housing Cost	<ul style="list-style-type: none"> ▪ Monthly payment cannot exceed an amount set by formula by state law.
Asset Restriction	<ul style="list-style-type: none"> ▪ \$50,000 in excess of the down payment required in order to meet state affordability requirements.
Priority List	<ul style="list-style-type: none"> ▪ Covina residents and workers would be given priority
Mortgage Type	<ul style="list-style-type: none"> ▪ Limited to conventional loans not to exceed a period of 40 years.

EXHIBIT D

RESOLUTION NO. 11-664

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY, TO AMEND THE FISCAL YEAR 2010-2011 COVINA REDEVELOPMENT AGENCY BUDGET TO REFLECT AN APPROPRIATION OF \$90,000 FROM LOW AND MODERATE INCOME HOUSING SET ASIDE FUND UNDESIGNATED FUNDS TO FUND THE DOWN PAYMENT ASSISTANCE PROGRAM FOR THREE AFFORDABLE HOUSING UNITS IN PHASE TWO OF THE VINTAGE WALK PROJECT

WHEREAS, the budget for the COVINA REDEVELOPMENT AGENCY ("Agency") for Fiscal Year commencing July 1, 2010 and ending June 30, 2011 was approved on June 15, 2010; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the Executive Director, while amendments (increases/decreases) to the Budget shall be by approval and resolution of the Agency Board; and

WHEREAS, pursuant to Resolution Nos. 05-532 and 06-548, the Agency approved the use of funds from the Low and Moderate Income Housing Fund, established pursuant to California Health and Safety Code Section 33334.2, to assist in the provision of affordable housing pursuant to a Down Payment Assistance Program; and

WHEREAS, the Agency wishes to assist in continuing the provision of moderate-income affordable housing opportunities by providing opportunities to qualified home buyers to participate in the Down Payment Assistance Program for Phase Two of the Vintage Walk Phase project; and

WHEREAS, this agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Redevelopment Agency of the City of Covina, as follows:

SECTION 1. The Agency hereby approves the use of Down Payment Assistance Program Funds (Low and Moderate Income Housing Funds) for the remaining three (3) affordable housing units in Phase Two of the Vintage Walk Project and allocates and appropriates funds therefore.

SECTION 2. The Agency hereby authorizes and directs an amendment to the fiscal year 2010-2011 Covina Redevelopment Agency operating budget as follows: \$90,000 from the Low-to Moderate-Income Housing Fund Undesignated Fund Balance Account 2052-0000-00-33000 to Account 2052-4700-00-53751, for qualified participants in the Down Payment Assistance Program.

SECTION 3. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 4. The Agency Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Peggy Delach, Chairman

ATTEST:

Catherine LaCroix, Agency Secretary

APPROVED AS TO FORM:

Agency Counsel

**CITY OF COVINA/
COVINA HOUSING AUTHORITY/
COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY**

MEETING DATE: March 8, 2011

ITEM NO.: JNB 1

STAFF SOURCE: Robert Neuber, Director of Community Development/ *RV*
Deputy Executive Director
Nuala Gasser, Senior Redevelopment Manager

ITEM TITLE: Consider approval for re-roofing of the Transitional House under Section 22050 of the California Public Contract Code

STAFF/AGENCY RECOMMENDATION

- a. Adopt **Agency Resolution No. 11-669** declaring the emergency, authorizing the waiver of bidding requirements, and approving the roof replacement at the Agency-owned transitional house under Section 22050 of the California Public Contract Code.
- b. City Council/Redevelopment Agency/Housing Authority to adopt **Agency Resolution 11-665**, amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$20,000 from housing set-aside undesignated funds to provide funding for replacement of the roof at the transitional house

FISCAL IMPACT

Funding for the work for an amount up to \$20,000 will be budgeted in the Redevelopment Agency Low-to Moderate Income Housing Fund, Account Number 2051-4700-00-52710, Operation of Acquired Property. The funds are being drawn down from undesignated fund balance account 2051-0000-00-33000. The budget Resolution and any agreement entered into will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

The McGill House, a transitional house for homeless women and children, was purchased in 2004, and has been in operation for six years. The house provides housing for two families and a resident attendant. The rain and wind in the locality since the weekend has caused roof shingles to fly off the roof to the ground below, especially on the north, east and west portions of the property. This constitutes a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health and property.

Under Public Contract Code, Section 22050 (a) (1), in the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure

the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts.

It is necessary to obtain bids immediately to secure the replacement of the roof and appropriate funds therefore.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable.

EXHIBITS

- A. Agency resolution declaring the emergency
- B. Agency resolution amending budget

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: _____
City Manager: _____	Other: _____

EXHIBIT A
RESOLUTION NO. 11-669

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY
AUTHORIZING THE LETTING OF A CONTRACT TO COMPLETE
EMERGENCY REPAIRS AT THE AGENCY-OWNED TRANSITIONAL
HOUSE FOR HOMELESS WOMEN AND CHILDREN PURSUANT TO
SECTION 22050 OF THE CALIFORNIA PUBLIC CONTRACT CODE

WHEREAS, the McGill House, a transitional house for homeless women and children located at 1104 W. McGill Street in Covina ("Subject Site"), was purchased in 2004, and has been in operation for four years; and

WHEREAS, the house provides housing for two families and a resident attendant; and

WHEREAS, the recent rain and wind in and around the Subject Site has caused roof shingles to fly off the roof to the ground below, especially on the north, east and west portions of the Subject Site; and

WHEREAS, section 1102 of the California Public Contract Code defines an emergency as "a sudden unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services"; and

WHEREAS, the Redevelopment Agency hereby finds that the damage to the McGill House's roof due to recent rains and wind constitutes a sudden unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, or property, given that the McGill House provides a home to women and children; and

WHEREAS, under section 22050 of the California Public Contract Code "a public agency, pursuant to a four-fifths vote of its governing body may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts"; and

WHEREAS, the Redevelopment Agency hereby finds that based on the substantial evidence set forth in this resolution and the minutes of this meeting that the emergency will not permit a delay resulting from a competitive solicitation for bids; and

WHEREAS, the Redevelopment Agency hereby finds that based on the substantial evidence set forth in this resolution and the minutes of this meeting that roof replacement is necessary to respond to the emergency, and

WHEREAS, funding of this project is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Redevelopment Agency of the City of Covina, as follows:

SECTION 1. The damage to the McGill House's roof due to rain and wind constitutes an emergency under section 1102 of the California Public Contract Code.

SECTION 2. The competitive bidding requirements for the McGill house roof replacement are waived pursuant to section 22050 of the California Public Contract Code.

SECTION 3. The McGill house roof replacement is authorized pursuant to section 22050 of the California Public Contract Code. Further, such action shall be reviewed by the Agency Board at subsequent Board regular Agency Board meetings to determine whether there is a need to continue the action.

SECTION 4. The action is exempt from the California Environmental Quality Act ("CEQA") (Pub. Res. Code, §§ 21000, *et seq.* and Title 14 of the California Code of Regulations, §§ 15000 *et seq.* ("State CEQA Guidelines")), pursuant to 14 Cal. Code of Regs., §15301 as repair of an existing facility and §15269 as an emergency project and Staff is hereby directed to file a Notice of Exemption with the Los Angeles County Clerk's Office.

SECTION 5. Should Agency funds not be available then no other funding can be compelled or required for this project.

SECTION 6. The Agency Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Peggy Delach, Chairman

ATTEST:

Catherine LaCroix, Agency Secretary

APPROVED AS TO FORM:

Agency Counsel

EXHIBIT B

RESOLUTION NO. 11-665

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY, TO AMEND THE FISCAL YEAR 2010-2011 COVINA REDEVELOPMENT AGENCY BUDGET TO REFLECT AN APPROPRIATION OF \$20,000 FROM HOUSING SET ASIDE UNDESIGNATED FUNDS TO PROVIDE FINANCIAL ASSISTANCE FOR REPLACEMENT OF THE ROOF AT THE TRANSITIONAL HOUSE

WHEREAS, the budget for the COVINA REDEVELOPMENT AGENCY ("Agency") for Fiscal Year commencing July 1, 2010 and ending June 30, 2011 was approved on June 15, 2010; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the Executive Director, amendments (increases/decreases) to the Budget shall be by approval and resolution of the Agency Board; and

WHEREAS, the Agency wishes to assist in the provision of affordable housing opportunities by providing funding for the roof replacement at the Agency-owned transitional house, and

WHEREAS, this action is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Redevelopment Agency of the City of Covina, as follows:

SECTION 1. Amend the fiscal year 2010-2011 Covina Redevelopment Agency operating budget as follows: \$20,000 from the Low-to Moderate-Income Housing Fund Undesignated Fund Balance Account 2051-0000-00-33000 to Account 2051-4700-00-52710.

SECTION 2. Should Agency funds not be available, then no other funding can be compelled or required for this project.

SECTION 3. The action is exempt from the California Environmental Quality Act ("CEQA") (Pub. Res. Code, §§ 21000, *et seq.* and Title 14 of the California Code of Regulations, §§ 15000 *et seq.* ("State CEQA Guidelines")), pursuant to 14 Cal. Code of Regs., §15301 as repair of an existing facility and §15269 as an emergency project and Staff is hereby directed to file a Notice of Exemption with the Los Angeles County Clerk's Office.

SECTION 4. The Agency Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Peggy Delach, Chairman

ATTEST:

Catherine LaCroix, Agency Secretary

APPROVED AS TO FORM:

Agency Counsel

**CITY OF COVINA/
COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY**

MEETING DATE: March 8, 2011

ITEM NO.: JNB 2

STAFF SOURCE: Robert Neiuber, Director of Community Development *rw*
Nuala Gasser, Senior Redevelopment Manager
Elizabeth Hull, Agency Attorney

ITEM TITLE: Consideration of approval of Funding Agreement (WINGS) and Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley for transitional housing.

AGENCY/STAFF RECOMMENDATION

- a. Approve Agency **Resolution No. 11-666** approving that certain Funding Agreement (WINGS) between Covina Redevelopment Agency and YWCA of San Gabriel Valley, and
- b. Approve Agency **Resolution No. 11-667** approving that certain Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley, and
- c. Adopt **Agency Resolution No. 11-668**, amending the fiscal year 2010-2011 Covina Redevelopment Agency budget to reflect an appropriation of \$474,000 from Low and Moderate Income Housing set-aside undesignated funds to provide financial assistance through the Funding Agreement (Wings) and a certain Affordable Housing Agreement, both between the Covina Redevelopment Agency and the YWCA of San Gabriel Valley, and
- d. Adopt **City Resolution No. 11-6942** approving that certain Funding Agreement (WINGS) between the Covina Redevelopment Agency and YWCA of San Gabriel Valley and making certain associated findings, and
- e. Adopt **City Resolution No. 11-6943** approving that certain Affordable Housing Agreement between Covina Redevelopment Agency and YWCA of San Gabriel Valley and making certain associated findings.

FISCAL IMPACT

Funding for the renovation of the transitional house will be provided through the Covina Redevelopment Agency Low-Income Housing Account 2051-4700-00-53750 in the amount of \$330,000, and funding for the continued provision of transitional housing for two units over a period of ten years, for an amount of \$144,000 to be paid from the Redevelopment Agency Low-Income Housing Account 2051-4700-00-53780 for rental subsidy. All of the above funds are being drawn from undesignated fund balance 2051-0000-00-33000. The budget Resolution and any agreement entered into will indicate that should Agency funds not be available then no other funding can be compelled or required by the Agreement.

BACKGROUND

Since 2009, the Covina Redevelopment Agency has been in discussion with the YWCA of San Gabriel Valley regarding the needed renovation of their existing home for victims of domestic violence. The home provides both shelter housing and transitional housing. The plans for the renovation have been revised in the intervening time period, with the result that the work to be completed will be phased. The portion of the renovation that involves transitional housing will be completed in the first phase, which is planned to commence in November 2011. In the first phase, eight existing bedrooms will be reconfigured to be eleven bedrooms.

Second floor bedrooms on the east wing of the premises will be renovated, and four very large existing bedrooms will be reconfigured to create seven bedrooms, two baths/wc, 2 kitchenettes and one washer and dryer area to serve residents in transitional housing. It is estimated that the cost for this portion of the renovation is \$330,000. The budget for the first phase of renovation is \$700,830 total.

The operator of the facility, YWCA of San Gabriel Valley, has requested assistance with the transitional housing portion of the renovation in the amount of \$330,000. The Agency desires to assist in the development of the project, by providing financial assistance in the form of a \$330,000 grant, as described in the Funding Agreement (WINGS), attached as Exhibit A. The Funding Agreement (WINGS) carries the requirement that an affordability covenant will be placed on the property for fifty-five (55) years, to provide that all eleven bedrooms shall be available to Qualified Households at an Affordable Rent. The amount of the grant does not exceed the amount of the Agency's assistance necessary to make the Operator's construction and operation of the project, as restricted by the Funding Agreement (WINGS), financially feasible.

In addition to the funding for the renovation of the home, the Agency has provided funding for rental subsidy of two units of transitional housing since April 1991. The Affordable Housing Agreement, attached as Exhibit B, provides for continuation of this funding for an additional ten years, in the amount of \$1,200 per month per the prior agreement of 2002, which payment shall be made in one amount of \$144,000.

Implementation of the Funding Agreement (WINGS) and the Affordable Housing Agreement will further the goals and objectives of the Redevelopment Plan and the General Plan by strengthening the City's land use and social structure and providing needed affordable housing in the City.

RELEVANCE TO THE STRATEGIC PLAN

Not applicable

EXHIBITS:

- A. Funding Agreement (WINGS) (on file in Redevelopment office)
- B. Affordable Housing Agreement
- C. Agency Resolution approving budget appropriation
- D. Agency Resolution approving Funding Agreement (WINGS)

- E. Agency Resolution approving Affordable Housing Agreement
- F. City Council Resolution approving Funding Agreement (WINGS)
- G. City Council Resolution approving Affordable Housing Agreement

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: _____
City Manager: _____	Other: _____

EXHIBIT A

**FUNDING AGREEMENT
(WINGS)**

between

**COVINA REDEVELOPMENT AGENCY
a public body, corporate and politic**

and

**YWCA OF SAN GABRIEL VALLEY
a California corporation**

[Dated as of March 8, 2011 for reference purposes only]

EXHIBIT A

This FUNDING AGREEMENT (WINGS) ("Agreement") is reference dated as of _____, 2011, and is between COVINA REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and YWCA of San Gabriel Valley, a California corporation ("Operator"). Agency and Operator are sometimes referred to in this Agreement, individually, as a "Party" and, collectively, as "Parties."

RECITALS

This Agreement is entered into with reference to the following recitals of fact ("Recitals") that Agency and Operator believe to be true as of the Effective Date of this Agreement:

A. Pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) ("CRL"), the City Council ("City Council") of the City of Covina ("City") approved and adopted a redevelopment plan ("Redevelopment Plan") for a project area within the boundaries of the City ("Project Area").

B. CRL Section 33334.2(a) requires not less than twenty (20) percent of all tax revenues allocated to the Agency from the Project Area ("Low- and Moderate-Housing Fund") to be used by the Agency for the purpose of improving, increasing and preserving the community's supply of low and moderate income housing available at affordable housing cost, unless certain findings are made.

C. CRL Section 33334.2(e) authorizes the Agency to use the Low- and Moderate-Housing Fund to rehabilitate buildings or structures, for the purpose of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income, lower income households, very low income households, and extremely low income households; and

D. Operator owns certain property improved by a housing unit located within or outside of the Project Area, which Operator uses as shelter and transitional housing as part of its WINGS Domestic Violence program where low income women and their dependent children can reside, receive counseling, legal assistance and case management services to move them to a violence-free lifestyle ("Property").

E. Operator desires to conduct on the Property a project consisting of the following: physical improvements to the transitional housing to improve its functionality and increase the number of Bedrooms within it from eight (8) to eleven (11) to accommodate more people in need and offer the Bedrooms at rents affordable to and to be occupied by persons of low and moderate income. Pursuant to this Agreement, Operator desires to make physical improvements to a certain area of the transitional housing to increase the number of Bedrooms in that area from four (4) to seven (7) ("Project"). The Project is more particularly described in the scope of development ("Scope of Development") attached to this Agreement as Exhibit "A" and incorporated into this Agreement by reference.

F. All Bedrooms available within the transitional housing on the Property as affordable housing rental units will be affordable to persons and families at levels equal to or

more restrictive than those of low or moderate income as defined in California Health and Safety Code Section 50093.

G. Operator has requested that Agency provide funds from the Low- and Moderate-Housing Fund to the Operator to be used for the Project.

H. CRL Section 33334.2(g) provides that funds from the Low- and Moderate-Housing Fund may be used outside a redevelopment project area, subject to a finding by resolution of the redevelopment agency and the legislative body that such use will be of benefit to the redevelopment project area.

I. The City and Agency vahas made the required findings of benefit to the Project Area and authorizing the use of funds from the Low- and Moderate-Housing Fund outside offor the Project AreaThe location of the Property is not publicly disclosed in order to protect its residents but if the location is outside of the Project Area the Agency has made all required findings.

J. The Agency desires to assist in the development of the Project by providing financial assistance in the form of a grant from its Low- and Moderate-Housing Fund in the amount not to exceed Three Hundred Thirty Thousand Dollars (\$330,000.00), for development expenses associated with the Project. Agency assistance is limited to monitoring construction and compliance with conditions of such assistance to the extent of:

1. Carrying out routine governmental functions.
2. Imposing statutorily authorized conditions accepted by the grantee of assistance.

K. The Operator's construction and operation of the Project are not financially feasible without the Agency's assistance. In order to assist in the construction of the development on the Property, Agency desires by this Agreement to provide for: (i) a grant from the Agency's Low- and Moderate-Housing Fund in the amount of Three Hundred Thirty Thousand Dollars (\$330,000.00) to Operator; and (ii) a restrictive covenant to run with the land for at least fifty-five (55) years from the Completion Date providing that all eleven (11) of the Bedrooms shall be available to Qualified Households at an Affordable Rent. The amount of the Agency Grant provided pursuant to this Agreement does not exceed the amount of the Agency's assistance necessary to make the Operator's construction and operation of the Project, as restricted by this Agreement, financially feasible.

L. This Agreement and the exhibits attached to this Agreement ("Exhibits") implement the goals and objectives of the Redevelopment Plan for the Project Area by providing for the development of the Project on the Property which will benefit the affordable housing needs of the City and assist Agency in meeting its inclusionary housing obligations as set forth in the Redevelopment Plan and CRL. The development of the Property pursuant to this Agreement is in the best interests of the City and Agency and the health, safety and welfare of the City's taxpayers and residents and is in accordance with the public purposes set forth in the Redevelopment Plan and CRL. Implementation of this Agreement will further the goals and

objectives of the Redevelopment Plan and the City's general plan by: (i) strengthening the City's land use and social structure; and (ii) providing needed affordable housing in the Project Area.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and Operator, the Parties agree as follows:

TERMS AND CONDITIONS

ARTICLE 1

DEFINITIONS AND REPRESENTATIONS AND WARRANTIES

1.1. Definitions. All initially capitalized terms not otherwise defined in this Agreement shall have the following meanings:

1.1.1. Actual Project Costs. The actual aggregate cost amount in each of the categories of expenses for the Project set forth in Exhibit "E" – Project Budget and all other costs related to the Project that are incurred by Operator as of the completion of the Project, as evidenced by a written notice to Agency within ten (10) days after the completion of the Project.

1.1.2. Adjusted Family Income. The term "Adjusted Family Income" shall mean the anticipated total annual income (adjusted for family size) of each individual or family residing or treated as residing in the Bedroom as calculated in accordance with California Health and Safety Code Section 50052.5(h).

1.1.3. Affiliate. The term "Affiliate" shall mean the other Person, directly or indirectly, Controlling or Controlled by or under common Control with the specified Person. "Affiliated" shall have the correlative meaning.

1.1.4. Affordable Housing Funds. The term "Affordable Housing Funds" shall mean that portion of Agency's general property tax increment allocation set aside pursuant to CRL Sections 33334.2 and 33334.3 for the purposes of increasing, providing and preserving the community's supply of low and moderate income housing available at an affordable housing cost to persons and families of low or moderate income.

1.1.5. Affordable Rent. The term "Affordable Rent" shall have the same meaning as set forth in California Health and Safety Code Section 50053, as that section may hereafter be amended from time-to-time, and shall provide an allowance for utilities and maintenance costs established by the State of California Department of Housing and Community Development from time to time, in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

1.1.6. Agency. The term "Agency" shall mean the Covina Redevelopment Agency, a public body corporate and politic, and any assignee of or successor to its rights, powers and responsibilities.

1.1.7. Agency Grant. The term "Agency Grant" shall mean a grant in an amount of Three Hundred Thirty Thousand Dollars (\$330,000.00) cash from Agency to Operator, from Affordable Housing Funds to assist Operator with Project expenses as set forth in Section 3.3 and to insure restrictive covenants, providing that the units be held at Affordable Rent, run with the Property for at least fifty-five (55) years from the Completion Date.

1.1.8. Agreement. The term "Agreement" shall mean this Funding Agreement (WINGS) between the Agency and Operator, including the Exhibits attached to this Agreement.

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

1.1.10. Bedroom. The term "Bedroom" shall mean one (1) of eleven (11) Bedrooms in the transitional housing on the Property, seven (7) of which are to be constructed/renovated according to the terms of this Agreement and all eleven (11) of which are to be restricted to persons or families with incomes less than or equal to Low or Moderate Income Households, as set forth in this Agreement.

1.1.11. City. The term "City" shall mean the City of Covina, California, a California municipal corporation and any assignee of or successor to its rights, powers and responsibilities.

1.1.12. Claim. The term "Claim" shall mean any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an indemnitor improperly fails to provide a defense for an indemnitee, then attorney fees and costs of counsel retained by the indemnitee) and any judgment.

1.1.13. Completion Certificate. The written certification of Agency in substantially the form of Exhibit "F" attached to this Agreement, providing that Construction of the Project has been completed in compliance with the terms and conditions of the Agreement, the Project Budget, and the Financing Plan.

1.1.14. Completion Date. The date the Agency issues a Completion Certificate.

1.1.15. Construction. The term "Construction" shall mean the work of improvement to be performed on the Property in substantial accordance with the provisions of this Agreement, the Project Budget, and the Financing Plan.

1.1.16. Construction Costs. The term "Construction Costs" shall mean the total cost incurred by Operator in constructing the Project, consistent with this Agreement, the Project Budget, and the Financing Plan.

1.1.17. Control. The term “Control” shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of Equity Interests, by contract or otherwise.

1.1.18. CRL. The term “CRL” shall mean California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*)

1.1.19. Default. The term “Default” shall mean the failure of a Party to perform any action or covenant required by this Agreement within the time period provided for such performance in this Agreement following any provided notice and opportunity to cure.

1.1.20. Effective Date. The term “Effective Date” shall mean the first date on which (i) the Agency is in receipt of four (4) counterpart originals of this Agreement executed by the authorized representative(s) of the Operator; (ii) following all legally required notices and hearings, this Agreement is approved by Agency’s governing board after the City Council of the City has made the findings required by CRL Section 33433; and (iii) this Agreement is executed by the authorized representative(s) of the Agency and delivered to the Operator.

1.1.21. Environmental Laws. The term “Environmental Laws” shall mean all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability of standards of conduct concerning any hazardous substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (“RCRA”) [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (“FWPCA”) [33 USC Section 1251 et seq.]; the Toxic Substances Control Act (“TSCA”) [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act (“HMTA”) [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [California Health & Safety Code Section 25280 et seq.]; the California Hazardous Substances Account Act [California Health & Safety Code Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [California Health & Safety Code Section 24249.5 et seq.] the Porter-Cologne Water Quality Act [California Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under, or about the Property, or the

regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

1.1.22. Equity Interest. The term "Equity Interest" shall mean all or any part of any direct or indirect equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest in a limited liability company, or other interest of an ownership or equity nature) in any entity, at any tier of ownership, that directly or indirectly owns or holds any ownership or equity interest in a Person.

1.1.23. Executive Director. The term "Executive Director" shall mean the Executive Director of Agency or his or her designee or successor in function.

1.1.24. Financing Plan. The term "Financing Plan" means the description of the proposed methods of financing the construction of the Project, which is attached as Exhibit "D" to this Agreement, which, together with the Project Budget, illustrates the financing structure of the Project.

1.1.25. Financing Commitments. The term "Financing Commitments" means irrevocable commitments, subject only to customary and reasonable conditions precedent, from a lender for financing the construction, ownership and use of the Project.

1.1.26. Governmental Agency. The term "Governmental Agency" shall mean any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city, or otherwise) whether now or later in existence.

1.1.27. Hazardous Substances. The term "Hazardous Substances" shall mean: (i) those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminate" in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Laws; (ii) those substances listed in the United States Department of Transportation ("DOT") Table [49 CFR 172.101], or by the EPA, or any successor agency, as hazardous substances [40 CFR Part 302]; (iii) other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and (iv) any material, waste, or substance that is a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 USC Section 1321 or listed pursuant to 33 USC Section 1317, a flammable explosive, or a radioactive material.

1.1.28. Holdover Tenant. The term "Holdover Tenant" shall mean those persons and households residing in any of the Bedrooms prior to and after the Effective Date of the Agreement.

1.1.29. Lender. The term "Lender" shall mean a mortgagee or a beneficiary of a Lien and shall include its successors and assigns.

1.1.30. Lien. The term "Lien" shall mean any mortgage, deed of trust or other security instrument encumbering Operator's fee interest in the Property and/or Project, or any part thereof.

1.1.31. Loan. The term “Loan” shall mean any loan made as permitted by this Agreement or the Regulatory Agreement.

1.1.32. Low or Moderate Income Household. The term “Low or Moderate Income Household” shall mean those persons and families whose gross incomes are as defined in California Health and Safety Code Section 50093.

1.1.33. Normal Business Hours. The term “Normal Business Hours” shall mean any weekday, Monday through Thursday, between the hours of 7:30 a.m. and 5:30 p.m. Pacific Standard Time and alternating Fridays 8:00 a.m. and 5:00 p.m. Pacific Standard Time, excluding federal and/or state recognized holidays.

1.1.34. Operator. The term “Operator” shall mean YWCA of San Gabriel Valley, a California corporation, and any voluntary successors and assigns to which a Permitted Transfer of the Project may be made, as authorized by the provisions of this Agreement.

1.1.35. Permitted Encumbrance. The term “Permitted Encumbrance” shall mean (i) subject to Agency’s consent, which consent shall not be unreasonably withheld or delayed, any easement, mortgage, lien, deed of trust, or other encumbrance that Operator reasonably determines is necessary or beneficial for the development and/or operation of any improvements to the Property; and (ii) any lien or encumbrance that arises in connection with a Permitted Transfer, and (iii) any statutory lien.

1.1.36. Permitted Transfer. The term “Permitted Transfer” shall mean any sale, transfer, assignment or conveyance of the Property or the Project that is approved by Agency or is expressly permitted by the terms of this Agreement.

1.1.37. Person. Any association, corporation, governmental entity or agency, individual, joint venture, joint stock company, limited liability company, partnership, trust, unincorporated organization or other entity of any kind.

1.1.38. Project. The term “Project” shall mean physical improvements to a certain area of the transitional housing on the Property to increase the number of Bedrooms from four (4) to seven (7), such Bedrooms to be made available as affordable housing rental units for Low or Moderate Income Households. The Project is more particularly described in the Scope of Development attached to this Agreement as Exhibit “A”.

1.1.39. Project Area. The term “Project Area” shall have the definition set forth in Recital A.

1.1.40. Project Budget. The term “Project Budget” shall mean the Project’s estimated Construction Costs and schedule of sources and uses of funds attached hereto as Exhibits “E”.

1.1.41. Property. The term “Property” shall mean the real property, and all current and future improvements thereon (including, without implied limitation, the Project), upon which Operator operates transitional housing for victims of domestic violence.

1.1.42. Qualified Households. The term “Qualified Households” shall mean persons and families whose gross incomes do not exceed those of Low or Moderate Income Households, adjusted for family size.

1.1.43. Redevelopment Plan. The term “Redevelopment Plan” shall mean the redevelopment plan for the Project Area, as amended from time to time.

1.1.44. Regulatory Agreement. The term “Regulatory Agreement” shall mean that certain regulatory agreement entitled “YWCA of San Gabriel Valley Regulatory Agreement” between Agency and Operator, substantially in the form attached hereto as Exhibit “C”.

1.1.45. Schedule of Performance. The term “Schedule of Performance” shall mean the schedule for the performance of certain actions by Agency and Operator, pursuant to this Agreement, attached to this Agreement as Exhibit “B”.

1.1.46. Scope of Development. The term “Scope of Development” shall mean the detailed description of the primary elements of the Project attached to this Agreement as Exhibit “A”.

1.1.47. Total Project Cost. The term “Total Project Cost” shall mean the total aggregate cost amount to construct and complete the Project consistent with this Agreement, the Project Budget and the Financing Plan.

1.1.48. Transfer. The term “Transfer” shall mean any voluntary or involuntary sale, transfer, assignment or conveyance of the Property, any portion thereof or interest therein, or any agreement to do so, except for a Permitted Transfer.

1.1.49. Un-permitted Encumbrance. The term “Un-permitted Encumbrance” shall mean any mortgage, lien, deed of trust, easement or other encumbrance recorded or asserted against the Property that is not a Permitted Encumbrance.

1.2. Representations and Warranties.

1.2.1. Agency Representations and Warranties. The representations and warranties of Agency contained in this Section 1.2.1 shall be based upon the actual knowledge of the Executive Director, as of the Effective Date. All representations and warranties contained in this Section 1.2.1 are true and correct as of the Effective Date. Agency’s liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement. Agency hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by Operator has been made in material reliance by Operator on such covenants, representations and warranties:

1.2.1.1. Agency is a community redevelopment agency, duly formed and operating under the CRL. Agency has the legal power, right and authority to enter into this Agreement and to execute the instruments and documents referenced herein, and to consummate the transactions contemplated hereby.

1.2.1.2. The persons executing any instruments for or on behalf of Agency have been authorized to act on behalf of Agency. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of and compliance with this Agreement by Agency.

1.2.1.3. Agency has taken all requisite action and obtained all requisite consents for agreements or matters to which Agency is a party in connection with entering into this Agreement and the instruments and documents referenced herein and in connection with the consummation of the transactions contemplated hereby.

1.2.2. Operator Representations and Warranties. The representations and warranties of Operator contained in this Section 1.2.2 shall be based upon the actual knowledge of Lisa Brabo, Executive Director for Operator, as of the Effective Date. All representations and warranties contained in this Section 1.2.2 are true and correct as of the Effective Date. Operator's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement. Operator hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by Agency has been made in material reliance by Agency on such covenants, representations and warranties:

1.2.2.1. Operator consists of a California corporation lawfully entitled to do business in the State of California and the City. Operator has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transactions contemplated hereby. The persons executing this Agreement and the instruments referenced herein on behalf of Operator hereby represent and warrant that such persons have the power, right and authority to bind Operator.

1.2.2.2. Operator has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required for Operator's authorization to enter into Agreement.

1.2.2.3. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument or other obligation to which Operator is a party or by which Operator may be bound, or under law, statute, ordinance, rule, governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to Operator or to the Property.

1.2.2.4. This Agreement is, and all agreements, instruments and documents to be executed by Operator pursuant to this Agreement shall be, duly executed by and shall be valid and legally binding upon Operator and enforceable in accordance with their respective terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of in compliance with this Agreement by Operator.

1.2.2.5. Operator acknowledges the Project is now and will remain subject to restrictive covenants regarding the income of residents and restricting the leasing of the Bedrooms to those persons and families with income equal to or less than Low or Moderate Income Households.

1.3. Prohibition Against Change in Ownership, Management and Control of Operator and Assignment of Agreement. The qualifications and identity of Operator are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with Operator. No voluntary or involuntary successor in interest of Operator shall acquire any rights or powers under this Agreement except as expressly set forth herein.

1.3.1. Operator shall promptly notify Agency in writing of any material change in the identity of the parties comprising the general partner of Operator, as well as any and all changes in the interest or the degree of control of the general partner of Operator by any such party, of which information Operator has been notified or may otherwise have knowledge or information. This Agreement may be terminated by Agency after the Effective Date and prior to the completion of the Project if there is any material change, whether voluntary or involuntary, in membership, ownership, management or control of Operator (other than such changes occasioned by the death or incapacity of any individual) that has not been approved by Agency prior to the time of such change or Agency may seek other appropriate relief in the event that at any time following the Effective Date, such a material change in the ownership, or control of the general partner of Operator occurs with respect to the Property; provided, however, that (i) Agency shall first notify Operator in writing of its intention to terminate this Agreement or assert any other such remedy, and (ii) Operator shall have thirty (30) calendar days following its receipt of such written notice to commence and thereafter diligently and continuously proceed with the cure of the default of Operator hereunder and submit evidence of the initiation of satisfactory completion of such cure to Agency in a form and substance deemed satisfactory to Agency, in its reasonable discretion. Notwithstanding anything to the contrary contained in this Agreement, the following transfer shall be permitted without the prior written consent of the Agency:

(a) Any transfer creating a Loan necessary to serve as collateral for bona fide construction financing or to pay all or part of the cost of developing the Project.

(b) Any transfer directly resulting from the foreclosure of a Loan or the granting of a deed in lieu of foreclosure of a Loan.

(c) The leasing of residential units within the Property in accordance with the Regulatory Agreement.

(d) The granting of easements or permits or recordation of any bonds required by the City or reasonably necessary to facilitate the development of the Property.

1.3.2. For the purpose of Section 1.3 the words "material change" refer to any total or partial sale, assignment, or conveyance, or any trust power or any transfer in any other mode or form by Operator.

1.4. Prohibition Against Transfer.

1.4.1. Except as expressly provided in this Section 1.4, Operator shall not, without prior written approval of Agency, which may not be unreasonably withheld, delayed or conditioned, or except as permitted by this Agreement, (i) assign or attempt to assign this Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or Lien.

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

1.4.2.1. Exhibit List. The following is a list of the Exhibits attached to this Agreement. Each of the Exhibits is incorporated by this reference into the text of this Agreement.

Exhibit "A"	Scope of Development
Exhibit "B"	Schedule of Performance
Exhibit "C"	Regulatory Agreement
Exhibit "D"	Financing Plan
Exhibit "E"	Project Budget
Exhibit "F"	Completion Certificate

1.5. No Un-permitted Encumbrances. The Operator shall not record and shall not allow to be recorded against all or any portion of the Property or the Project any mortgage, trust deed, deed of trust, encumbrance or lien that is not a Permitted Encumbrance. The Operator shall remove or shall have removed any Un-permitted Encumbrance made or recorded against all or any portion of the Property or the Project or shall assure the satisfaction of any such Un-permitted Encumbrance to the satisfaction of the Agency. The covenants of the Operator set forth in this Section 1.5 regarding the placement of encumbrances on the Property shall run with the land of the Property and bind successive owners of the Property, until the completion of the Project.

1.5.1. Agency Right to Discharge Un-permitted Encumbrances. After sixty (60) calendar days prior written notice to the Operator, the Agency shall have the right, but not the obligation, to satisfy or remove any Un-Permitted Encumbrance against the Property or the Project and receive reimbursement from the Operator for any amounts paid or incurred in satisfying or removing any such Un-Permitted Encumbrance, upon demand. Nothing in this Section 1.5 though, shall require the Operator to pay or make provisions for the payment of any tax, assessment, lien or charge that the Operator is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Property to forfeiture or sale. Agency's rights under this Section 1.5 shall terminate upon the completion of the Project.

ARTICLE 2

AGENCY'S RELOCATION OBLIGATIONS

2.1. Operator's Relocation Obligations. As of the Effective Date of this Agreement, there are no relocation obligations required of the Operator. If any relocation obligations should arise attributable to the development of the Property or the relocation of its occupants, the Operator shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. Such relocation obligations and related expenses shall be a part of Project development costs and expenses as specified in the Project Budget, and shall be paid from Project operating expenses. The Operator shall comply with all applicable Federal, State and local laws, rules and regulations regarding such relocation obligations and its related expenses, including any relocation requirements set forth by the City or the Agency. The Operator shall defend, indemnify and hold the Agency, the City and their officers, employees, agents, attorneys, and contractors harmless from and against all liability for any relocation obligations and related expenses attributable to the development of the Property and the relocation of its occupants.

ARTICLE 3

FINANCING OF PROJECT

3.1. Project Budget and Financing Plan. Operator has submitted to Agency the Financing Plan (Exhibit "D") for construction of the Project in a total amount of approximately Three Hundred Thirty Thousand Dollars (\$330,000.00), which is further described in the estimated Construction Costs and sources and uses of funds contained in the Project Budget (Exhibit "E"). The Project Budget and Financing Plan comprise the following:

3.1.1. Agency Grant in an amount not to exceed Three Hundred Thirty Thousand Dollars (\$330,000.00) to be disbursed after Operator has secured financing from third parties for this Project, as determined by the Agency in its sole discretion ("Payment Date").

3.2. By its execution of this Agreement, Agency has given its approval to the Project Budget and/or the Financing Plan. While the Project Budget and/or Financing Plan have been prepared based on the best, good faith estimate of the Operator of the costs which are likely to be incurred for the Project, the Parties recognize that events and circumstances not currently contemplated, some of which are outside of the control of the Parties, could result in changes in the Construction Costs, necessitating changes in the Financing Plan and/or Project Budget. To the extent that there are changes to the Project Budget and/or the Financing Plan prior to the Payment Date, Operator shall submit a revised Project Budget and/or the Financing Plan to the Executive Director for review and approval as to the sufficiency of the Financing Commitments and Financing Plan to meet revised Project Budget requirements not later than ten (10) business days prior to Payment Date.

3.3. Construction Cost of the Project. Operator has provided a detailed scope of work for the Construction of the Project in the Scope of Development which is attached to this Agreement as Exhibit “A”. The Construction Cost shall be subject to change from time to time in accordance with this Agreement, subject to prior written approval by Agency (which approval shall not be unreasonably withheld). The Executive Director is hereby authorized to act on behalf of Agency to approve any revisions to the Construction Cost which do not in any way increase Agency’s financial obligations or risk hereunder.

3.4. Financing of the Project – Agency Grant.

3.4.1. Agency Grant. Subject to the terms and conditions of this Agreement, Agency shall pay to Operator the Agency Grant not to exceed Three Hundred Thirty Thousand Dollars (\$330,000.00) cash in order to defray certain development costs and expenses, as specified in the Project Budget (“Development Expenses”), and insure that restrictive covenants, providing that the Bedrooms be held at an Affordable Rent, run with the land for at least fifty-five (55) years from the Completion Date. The Agency Grant shall consist entirely of Affordable Housing Funds, as defined in Section 1.1.4. Should Agency funds not be available then no other funding can be compelled or required by the Agreement. Operator shall use the Agency Grant solely for the payment of Development Expenses in accordance with the Project Budget. Operator shall not be entitled to use any portion of the Agency Grant to reimburse it for any internal management, administrative or overhead expenses or for any purpose other than paying Development Expenses. As an inducement to Agency to make the Agency Grant Operator has agreed to enter into this Agreement and has agreed to the performance of the terms and conditions set forth in this Agreement.

3.4.1.1. Conditions Precedent to Disbursement of Agency Grant. The disbursement of the Agency Grant shall be subject to the satisfaction (or waiver by the Agency) of all of the conditions precedent set forth in this Section 3.4, as determined in the reasonable discretion of the Executive Director.

3.4.1.1.1. Operator has submitted evidence of insurance coverage(s) as required by this Agreement; and

3.4.1.1.2. Operator is in compliance with all of the terms, covenants, and conditions set forth in this Agreement.

3.4.1.2. Procedure for Disbursement of Agency Grant. At the Payment Date, Three Hundred Thirty Thousand Dollars (\$330,000.00) cash shall be disbursed directly to the Operator.

3.4.1.2.1. The Agency Grant in the amount not to exceed Three Hundred Thirty Thousand Dollars (\$330,000.00) shall be used by the Operator for the purpose of financing construction of the Project and for paying such ancillary costs as are consistent with the provisions of this Agreement.

3.4.1.2.2. Cost Reductions or Increases. The Parties acknowledge and agree that the Agency Grant is intended to finance the Project (the amount needed to pay the Total Project Costs for the Project), but in no event to provide funding in excess of the

Total Project Costs. If the Actual Project Costs are less than the Total Project Costs (the difference being a "Cost Reduction"), then the Cost Reduction shall be subtracted from the amount of the Agency Grant and returned to the Agency. If the Actual Project Costs exceed the sum of the Agency Grant and all funding sources available to the Operator for Construction of the Project (the difference being a "Project Deficit"), the Operator shall be solely responsible for causing payment (either through third party financing, as approved by the Agency, or Operator funds) of the Project Deficit.

ARTICLE 4

DEVELOPMENT OF THE PROJECT

4.1. Development of Project and Property. It is the intent of the Parties that the Property be developed in accordance with the Project as follows: the reconfiguration of certain Bedrooms and the addition of Bedrooms to certain areas to increase the number of Bedrooms in from four (4) to seven (7) subsequently offered at rents affordable to and to be occupied by low- and moderate-income persons and families. The Project is more particularly described in the Scope of Development, Exhibit "A".

4.1.1. Operator shall provide written notice to the Agency, within two (2) years after the Effective Date, evidencing completion of the Project and requesting the issuance of a Completion Certificate from the Agency for the Project.

4.1.1.1. Completion Certificate. Following receipt of Operator's notice set forth in Section 4.1.1, Operator shall permit the Agency, at Agency's request, to inspect the Project at a mutually agreeable time. Operator shall also permit the Agency, at Agency's request, to inspect all invoices, receipts and any other records relating to the costs of the Project in accordance with Section 7.6. Once the Agency has determined, in its sole discretion, that the Project has been completed in compliance with the terms of this Agreement, it shall issue a Completion Certificate attached hereto as Exhibit "F". A Completion Certificate shall not be deemed to constitute a Notice of Completion under Section 3093 of the California Civil Code, nor shall it act to terminate the continuing covenants, restrictions, or conditions set forth in this Agreement or otherwise. A Completion Certificate is not evidence of the compliance of the work done for the Project with any requirements of law or any governmental entity. A Completion Certificate shall not evidence the satisfaction of any obligation of the Operator to the Agency under this Agreement or otherwise, except the Operator's obligation to complete the Project.

4.1.2. The City's zoning ordinance and the City's building requirements shall be applicable to the use and development of the Property pursuant to this Agreement. Operator acknowledges that any change in the plans for development of the Project on the Property as set forth in the Scope of Development shall be subject to the City's zoning ordinance and building requirements. No action by Agency or the City with reference to this Agreement or related documents shall be deemed to constitute a waiver of any lawful City requirements which are applicable to the Property or to Operator, any successor in interest of Operator or any successor in interest pertaining to the Property, except by modification or variance approved by the City consistent with this Agreement.

4.1.3. The Property shall be developed and completed in conformance with the approved Scope of Development and any and all other plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and between Operator and Agency and the mutual approval of any such change shall not be unreasonably conditioned, withheld or delayed. The approval by the City shall be deemed to be approval by Agency of the preliminary and final construction plans for the Project.

4.1.4. The approval of the Scope of Development by Agency shall not be binding upon the City Council of the City or the Planning Commission of the City with respect to any regulatory approvals relating to the development of the Project as may be required by such other bodies. If any material change of the Scope of Development as previously approved by Agency shall be required by another government official, agency, department or bureau having jurisdiction over the development of the Property, Operator and Agency shall cooperate in efforts to obtain waivers of such revisions, or to obtain approvals of any such revisions which have been made by Operator and have thereafter been approved by Agency. Agency shall not unreasonably withhold or delay approval of such revisions to the Scope of Development; provided however that no such change may result in the reduction of the number of Bedrooms that shall be constructed by Operator and reserved for lease and occupancy by Qualified Households.

4.1.5. Notwithstanding any provision to the contrary in this Agreement, Operator agrees to obtain all necessary permits, follow all necessary processes and pay all necessary fees relating to the completion of the Project on the Property. Operator further agrees to accept and comply fully with any and all lawful conditions of approval applicable to all permits and other governmental actions affecting the development of the Property and consistent with this Agreement.

4.1.6. Operator shall have the right during the course of construction to make changes in construction concerning the interior design of the Bedrooms and minor field changes with respect to the Bedrooms without seeking the approval of Agency; provided, however, that such changes do not affect the type of use to be conducted within all or any portion of a Bedroom; and further provided that the City has approved any such minor field change to a Bedroom in accordance with the standards and practices of the City Building Division and/or City Public Works Department, as applicable. The term "minor field changes" shall be defined as those changes from the approved final construction drawings, plans and specifications which have no substantial effect on the improvements and are made in order to expedite the work of construction in response to field conditions. Any change not considered a minor field change in Agency's sole discretion shall be made after Operator has obtained Agency's written approval for such change. Nothing contained in this Section 4.1.6 shall be deemed to constitute a waiver of or change in the City's Building Code or Public Works Department requirements governing such minor field changes or in any and all approvals by the City otherwise required for such minor field changes.

4.1.7. Except as otherwise specified in this Agreement, the cost of constructing the Project on the Property and all other improvements on the Property shall be paid for by Operator. The Agency acknowledges that Operator intends to retain a project manager to provide certain services with respect to overseeing the development of the Project on behalf of

the Operator. Operator acknowledges and agrees that the retention of the project manager in no way relieves Operator of any obligation or commitments of this Agreement and that Operator remains liable for all obligations of this Agreement and the Project.

4.1.8. Subject to force majeure delays, Operator shall begin and complete all construction and development and undertake all obligations and responsibilities of Operator within the times specified in the Schedule of Performance, or within such reasonable extensions of such times as may be granted by Agency or as otherwise provided for in this Agreement. The Schedule of Performance shall be subject to revision from time to time as mutually agreed upon in writing by and between Operator and Agency. Any and all deadlines for performance by the Parties shall be extended for any time attributable to delays which are not the fault of the performing Party and are caused by the other Party, other than periods for review and approval or reasonable disapprovals of plans, drawings and related documents, specifications or applications for permits as provided in this Agreement.

4.1.9. Prior to and during the period of construction of the Project on the Property, Operator shall submit to Agency written progress reports when and as reasonably requested by Agency, but in no event more frequently than once every four (4) weeks. The reports shall be in such form and detail as may reasonably be required by Agency. In addition, Operator shall attend Agency meetings when requested to do so by Agency staff.

4.1.10. Operator shall, at its own expense, secure or shall cause to be secured, any and all permits which may be required for such construction, development or work by the City or any other Governmental Agency having jurisdiction thereof. Agency shall cooperate in good faith with Operator in Operator's efforts to obtain from the City or any other appropriate Governmental Agency any and all such permits upon completion of applicable portions of the development of the Project on the Property, such as certificates of occupancy.

4.1.11. Officers, employees, agents or representatives of Agency and the City and the Covina Housing Authority shall have the right of reasonable access to the Project and the Property, without the payment of charges or fees, during Normal Business Hours during the period of construction in order to inspect the work being performed in constructing the Project on the Property and to ensure that Operator is complying with this Agreement. Such officers, employees, agents or representatives of Agency, Authority, and/or the City shall be those persons who are so identified by the Executive Director. Any and all officers, employees, agents or representatives of Agency, Authority and the City who enter the Property pursuant hereto shall identify themselves at the Project office upon their entrance on to the Property and shall at all times be accompanied by a representative of Operator while on the Property; provided, however, that Operator shall make a representative of Operator available for this purpose at all times during Normal Business Hours upon reasonable notice from Agency. Agency shall indemnify, defend and hold Operator harmless from injury, property damage or liability arising out of the exercise by Agency, Authority, and/or the City of this right of access, other than injury, property damage or liability relating to the negligence of Operator or its officers, agents or employees.

4.1.12. Agency shall inspect relevant portions of the construction of the Project on the Property prior to issuing any written statements reflecting adversely on Operator's compliance with the terms and conditions of this Agreement pertaining to development of the

Project on the Property; provided however, that Operator has not objected to such an inspection by Agency or otherwise prevented Agency from conducting such an inspection.

4.2. Insurance. The Operator, to protect the Agency Parties against any and all claims and liability for death, injury, loss and damage resulting from the Operator's actions in connection with this Agreement, the Property and the Project, shall secure and maintain the insurance coverage, described in and required by this Section 4.2, commencing with the Effective Date and through the life of the affordability covenants (which shall run for at least fifty-five (55) years from the Completion Date) as appropriate, subject to the provisions of Section 4.2.8, without limiting any insurance coverage required to be obtained or maintained by the Operator pursuant to any other document associated with this Agreement. The Operator shall maintain the following insurance coverage in full force and effect, through the life of the affordability covenants, subject to Section 4.2.8:

4.2.1. Workers' Compensation Insurance. The Operator shall submit written proof that the Operator is insured against liability for workers' compensation in accordance with the provisions of Section 3700 of the Labor Code. By executing this Agreement, the Operator makes the following certification, required by Section 1861 of the Labor Code:

I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of the Agreement.

4.2.2. Property Casualty Insurance. Insurance coverage insuring the Property and the Project against damage or loss by fire and such other hazards (including lightning, windstorm, hail, explosion, riot, acts of striking employees, civil commotion, vandalism, malicious mischief, aircraft, vehicle, and smoke) as are covered by the broadest form of extended coverage endorsement available from time to time, in an amount not less than the full insurable value of the Property and the Project, with a deductible amount not to exceed Twenty-Five Thousand Dollars (\$25,000), providing all of the following coverage:

4.2.2.1. Against damage or loss by flood, if the Property is located in an area identified by the United States Secretary of Housing and Urban Development or any successor or other appropriate authority (governmental or private) as an area having special flood hazards and in which flood insurance is available under the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, modified, supplemented, or replaced from time to time, on such basis and in such amounts as the Agency may require;

4.2.3. Commercial General Liability Insurance. Commercial General Liability Insurance coverage, including, but not limited to, premises-operations, contractual liability (specifically covering all indemnity and defense obligations of the Operator pursuant to this Agreement), products-completed operations hazards, both personal injury and bodily injury (including death), and property damage liability arising out of the construction and installation of the Project and/or the Operator's operation of the Property and/or the Project. The commercial general liability insurance coverage, which may be a combination of primary and excess or umbrella policies, shall have minimum limits for bodily injury and property damage liability of

TWO MILLION DOLLARS (\$2,000,000) each occurrence and/or FOUR MILLION DOLLARS (\$4,000,000) aggregate.

4.2.4. Automobile Liability Insurance. Automobile Liability Insurance coverage against claims of personal injury and bodily injury (including death) and property damage covering all owned, leased, hired and non-owned vehicles used by the Operator, with minimum limits for bodily injury and property damage of ONE MILLION DOLLARS (\$1,000,000) each occurrence. Such insurance shall be provided by a business or commercial vehicle policy.

4.2.5. Professional Errors and Omissions Insurance. If the Operator hires a consultant to provide design services, such as architectural or engineering services in connection with all or any portion of the Project, the Operator shall require each such consultant to provide evidence of professional liability (errors and omissions) insurance, for liability arising out of, or in connection with, the performance of such design services, with limits of not less than TWO MILLION DOLLARS (\$2,000,000). In addition, if Operator provides professional services, the Operator shall provide evidence of professional liability (errors and omissions) insurance, for liability arising out of, or in connection with, the performance of such design services, with limits of not less than TWO MILLION DOLLARS (\$2,000,000).

4.2.6. Contractor's Insurance. During the construction or the installation of the Project, the Operator shall require that each contractor performing work on the Project maintain the following insurance coverage, at all times during the performance of such work:

4.2.6.1. The general contractor shall maintain Commercial General Liability Insurance coverage with limits of not less than ONE MILLION DOLLARS (\$1,000,000) per occurrence and TWO MILLION DOLLARS (\$2,000,000) aggregate and each sub contractor shall maintain Commercial General Liability Insurance coverage with limits of not less than ONE MILLION DOLLARS (\$1,000,000) per occurrence to protect the Operator during the construction and installation of the Project from claims involving bodily injury and/or death and damage to the property of others.

4.2.6.2. Each general contractor and each sub-contractor shall maintain Automobile Liability Insurance coverage against claims of personal injury and bodily injury (including death) and property damage covering all owned, leased, hired and non-owned vehicles used in the performance of the contractor's obligations with minimum limits for bodily injury and property damage of ONE MILLION DOLLARS (\$1,000,000) each occurrence. Such automobile liability insurance shall be provided by a business or commercial vehicle policy.

4.2.6.3. Each general contractor and each sub-contractor performing work of construction or installation of the Project shall provide workers' compensation coverage for all of such general contractor's or such sub-contractor's employees, unless the general contractor's or sub-contractor's employees are covered by workers' compensation insurance provided by the Operator. If any class of employees engaged in work or services performed in connection with the Project, is not covered by Labor Code Section 3700, the Operator shall provide and/or require each general contractor or sub-contractor to provide adequate workers' compensation insurance covering such employees.

4.2.7. The Commercial General Liability Insurance coverage required herein shall include an endorsement naming the Covina Redevelopment Agency, the Covina Housing Authority, the City of Covina, the Covina City Council, and their respective officers, employees, and agents (collectively the "indemnified parties"), as additional insured for liability arising out of or relates to this Agreement or the construction or installation of the Project.

4.2.8. If any of the insurance coverage required under this Agreement is written on a claims-made basis, such insurance policy shall provide an extended reporting period continuing through the fifth (5th) anniversary of the scheduled completion date of this Project as set forth in Exhibit "B", the Schedule of Performance. The requirements of this Section 4.2.8 shall survive any expiration or termination of this Agreement.

4.2.9. Subject to Section 4.2.8, all of the insurance coverage required under this Section 4.2 shall be maintained by the Operator or its contractors, as required by the terms of this Agreement, and shall not be reduced, modified, or canceled without, at least, thirty (30) calendar days prior written notice to the Agency. Also, phrases such as "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates of insurance or any coverage for the Agency Parties. The Operator shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits are exhausted or upon insolvency of the insurer that issued the policy.

4.2.10. All insurance obtained and maintained by the Operator in satisfaction of the requirements of this Agreement shall be fully paid for and non-assessable.

4.2.11. Failure by the Operator to maintain all insurance coverage required by this Section 4.2 in effect, as required in this Section 4.2, shall be an Event of Default, as described in Section 6.2, by the Operator. The Agency, at its sole option, may exercise any remedy available to it in connection with such an Event of Default. Alternatively, the Agency may, at its sole option, purchase any such required insurance coverage and the Agency shall be entitled to immediate payment from the Operator of any premiums and associated costs paid by the Agency for such insurance coverage. Any election by the Agency to purchase or not to purchase insurance otherwise required by the terms of this Agreement to be carried by the Operator shall not relieve the Operator of its obligation to obtain and maintain any insurance coverage required by this Agreement.

4.3. Forms of Insurance Policies; Additional Insured Endorsements; Carrier Requirements; Evidence Of Insurance.

4.3.1. All insurance to be obtained and maintained by the Operator under Section 4.2 shall be issued by a company or companies listed in the then current "Best's Key Rating Guide" publication with a minimum of an "A:VIII" rating and be admitted to conduct business in the State of California by the State of California Department of Insurance. Any umbrella or excess policy must be listed with the California Department of Insurance.

4.3.2. Primary Insured. The Operator shall be the first or primary named insured on each policy of insurance obtained or maintained by the Operator in satisfaction of the insurance requirements of this Agreement.

4.3.3. Additional Insured Endorsements. The Agency Parties and City shall be named by endorsement as additional insured under the Operator's commercial general liability insurance policy on an ISO Form CG 20 10 11 85 or equivalent form acceptable to the Agency, with such modifications as the Agency may require. The Agency Parties shall also be named as additional insured under the Operator's automobile liability insurance policies on an endorsement form acceptable to the Agency.

4.3.4. Cross-Liability; Severability of Interests. The Operator's commercial general liability and automobile liability policies shall be endorsed to provide cross-liability coverage for the Operator and the Agency Parties and to provide severability of interests.

4.3.5. Primary Insurance Endorsements for Additional Insured. The Operator's commercial general liability and automobile liability insurance policies shall be endorsed to provide that the insurance afforded by those policies to the additional insured is primary and that all insurance carried by the Agency Parties or City is strictly excess and secondary and shall not contribute with the Operator's commercial general liability or automobile liability insurance policies.

4.3.6. Scope of Coverage for Additional Insured. The coverage afforded to the Agency Parties as additional insured under any policy of insurance obtained or maintained by the Operator in satisfaction of the insurance requirements of this Agreement must be at least as broad as that afforded to the Operator and may not contain any terms, conditions, exclusions, or limitations applicable to the Agency Parties that do not apply to the Operator.

4.3.7. Delivery of Certificate, Policy, and Endorsements. Before the Effective Date, the Operator shall deliver to the Agency all endorsements required by this Section 4.3 and original certificates of insurance for each insurance policy required to be obtained and maintained by the Operator under Section 4.2, executed by an authorized agent of the insurer or insurers, evidencing compliance with the liability insurance requirements of this Agreement. The certificates shall provide for no less than thirty (30) calendar days' advance written notice to the Agency from the insurer or insurers of any cancellation, non-renewal, or material change in coverage or available limits of liability and shall confirm compliance with the liability insurance requirements of this Agreement. The Operator shall also deliver all required endorsements and certificates to the Agency: (a) at least thirty (30) calendar days before the expiration date of any insurance policy and (b) upon renewal of any insurance policy. Upon request from the Agency, the Operator shall deliver certified copies of all insurance policies obtained or maintained by the Operator in satisfaction of the insurance requirements of this Agreement. Receipt by the Agency of evidence of insurance that does not comply with the requirements of this Agreement shall not constitute a waiver of the insurance requirements of this Agreement.

4.3.8. Concurrency of Primary, Excess, and Umbrella Policies. The Operator's liability insurance coverage may be provided by a combination of primary, excess, and umbrella policies, but those policies must be absolutely concurrent in all respects regarding the coverage

afforded by the policies. The coverage of any excess or umbrella policy must be at least as broad as the coverage of the primary policy.

4.3.9. Insurance Independent of Indemnification. The insurance requirements set forth in Section 4.2 and this Section 4.3 are independent of the Operator's indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Operator's indemnification or other obligations or to limit the Operator's liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Agency from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

4.3.10. Deductibles and Self-Insured Retentions. All deductibles and self-insured retentions under the Operator's policies are subject to the Agency's prior written approval. The Operator shall pay any and all deductibles and self-insured retentions under all insurance policies issued in satisfaction of the terms of this Agreement regarding any claims relating to the Agency Parties.

4.3.11. No Agency Representation Regarding Adequacy of Insurance. The Agency makes no representation that the limits or forms of insurance coverage specified in this Agreement are adequate to cover the Operator's property, business operations or obligations under this Agreement.

4.3.12. Waiver Of Subrogation. The Operator shall cause each of the carriers issuing any insurance policy obtained or maintained in satisfaction of the insurance requirements of this Agreement to waive any right of subrogation that such carrier may have or acquire in the future against any or all of the Agency Parties in a form acceptable to the Agency.

4.3.13. Loss Payee. Property insurance policies shall name Agency as a loss payee as its interests may appear and shall name Agency as an additional insured.

4.3.14. No Separate Insurance. The Operator shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under Section 4.2, unless endorsed in favor of the Agency, as required by Section 4.2 or this Section 4.3.

4.3.15. Full Insurable Value. For purposes of this Agreement, the term "full insurable value" means the actual cost of replacing the property in question, without allowance for depreciation, as calculated from time to time (but not more often than once every calendar year) by the insurance company or companies providing such insurance or, at the Agency's request, by appraisal made by an appraiser, engineer, architect, or contractor proposed by the Operator and approved by said insurance company or companies and the Agency. The Operator shall pay the cost of any such appraisal.

4.3.16. Approval Not Warranty. No approval by the Agency of any insurer may be construed to be a representation, certification, or warranty of its solvency and no approval by the Agency as to the amount, type, or form of any insurance may be construed to be a representation, certification, or warranty of its sufficiency by the Agency.

4.4. Nondiscrimination. Operator for itself and its successors and assigns agrees that in the construction of the Project on the Property, Operator shall not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry. Notwithstanding the foregoing, Operator shall use best efforts to offer employment opportunities to local residents and will seek to acquire goods and services from local vendors.

4.5. Conformity to Laws. Operator shall carry out its construction of the Project on the Property in conformity with all applicable laws, including all applicable State of California labor standards and requirements and with respect to the development of the Property. Operator further agrees and acknowledges that, to the extent required by law, it shall pay no less than the prevailing per diem rate of wages to all laborers providing labor to the work of improvements on the Project, as determined by the Director of the California Department of Industrial Relations. Operator further agrees to keep all necessary related records in accordance with State of California law. Operator agrees to pass through any applicable prevailing wage requirements to any and all subcontractors hired by Operator if and when applicable. Operator hereby agrees to indemnify, defend and hold Agency harmless from and against any and all liability arising out of or related to Operator's failure to comply with any and all applicable prevailing wage requirements or to require its subcontractors to comply with any and all applicable prevailing wage requirements.

4.6. Property Taxes and Assessments. Operator shall pay prior to the delinquency all real property taxes and assessments assessed and levied on or against the Property. Nothing herein contained shall be deemed to prohibit Operator from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to Operator in respect thereto, or for claiming exemptions available under California Revenue & Taxation Code Section 214(g).

ARTICLE 5

USE OF THE PROPERTY

5.1. Project Restricted to Qualified Households. As more particularly provided in the Regulatory Agreement, Operator covenants and agrees for itself, its successors, and assigns that all eleven (11) Bedrooms in the transitional housing on the Property remain affordable to Qualified Households for at least fifty-five (55) years from the Completion Date ("Affordability Covenant").

5.1.1. Yearly Reporting. For each year that the Affordability Covenant is in effect, the Operator or its successors and assigns, shall provide a written report to the Agency as set forth in Exhibit "C", the Regulatory Agreement.

5.1.2. Holdover Tenants. Holdover Tenants shall be permitted to continue residing in such Bedrooms until the natural termination of their lease agreements or until such lease agreements are terminated earlier in accordance with the lease agreements. Holdover Tenants shall be responsible for paying rent in an amount equal to that charged to a Qualified Household. If such Holdover Tenant's gross income exceeds that of a Low or Moderate Income

Household, adjusted for family size, the Operator shall ensure that the remaining available Bedrooms shall be leased only to Qualified Households. Upon the vacation of a Bedroom by a Holdover Tenant, such Bedroom shall be available only to a Qualified Household.

5.1.3. Obligation to Refrain from Discrimination. Operator covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that this Agreement is made and accepted upon and subject to the following conditions:

5.1.3.1. Standards. That there shall be no discrimination against or segregation of any person or entity 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 leasing, subleasing, transferring, use occupancy, tenure or enjoyment of the Property nor shall Operator or any person or entity 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, sublessees, subtenants, or vendees in the Property.

5.1.3.2. Interpretation. Notwithstanding Section 5.1.3.1, with respect to familial status, Section 5.1.3.1 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 Section 5.1.3.1 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 Section 5.1.3.1.

5.2. Duration of Residency. Each Qualified Household residing in the transitional housing on the Property shall reside in such transitional housing for a minimum of sixty (60) days as further set forth in Exhibit "C", the Regulatory Agreement.

5.3. Effect and Duration of Covenants. The covenants of this Article 5 shall run with the land and be binding on successive owners of the Property. Each such covenant shall survive any document related to conveyance of the Property or construction or installation of the Project, for the time period specified herein. The covenants established against discrimination, use and maintenance of the Project and occupancy shall remain in effect for at least fifty-five (55) years from the Completion Date. All of the covenants set forth in Article 5 shall run with the land and shall constitute equitable servitudes thereon, and shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns and the City.

5.3.1. Agency may enforce the terms and provisions of this Agreement and the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community. Agency shall have the right, if such covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or such other proper proceedings to enforce the curing of such breaches to which it or any other beneficiary of such covenants may be entitled, including, without limitation, to specific

performance, damages and injunctive relief. Agency shall have the right to assign all of its rights and remedies hereunder to the City.

ARTICLE 6

DEFAULTS, REMEDIES AND TERMINATION

6.1. Defaults.

6.1.1. Subject to the extensions of time set forth in Section 7.5 hereof, failure or delay by either Party to perform any term or provision of this Agreement shall constitute a default under this Agreement; provided, however, that if a Party otherwise in default commences to cure, correct or remedy such default within thirty (30) calendar days after receipt of written notice specifying such default and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such Party shall not be deemed to be in default hereunder.

6.1.2. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the non-defaulting Party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

6.1.3. Any failure 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. Delays by either Party in asserting any of its rights and remedies shall not deprive either 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.

6.2. Events of Default. In addition to other acts or omissions of the Operator that may legally or equitably constitute a default or breach of this Agreement, the occurrence of any of the following specific events, prior to the completion date of the Project as set forth in Exhibit "B", the Schedule of Performance, shall constitute an "Event of Default" under this Agreement and shall not be subject to the notice and opportunity to cure provisions of 6.1:

6.2.1. Any default by the Operator under any loan document for any purpose or reason that remains uncured following any applicable notice and expiration of any applicable cure period under such loan documents.

6.2.2. Any default by the Operator of any of the non-monetary covenants or conditions of this Agreement, other than the covenants or agreements of the Operator in Article 5, that is not cured to the Agency's reasonable satisfaction within thirty (30) days following written notice of the default to the Operator from the Agency or the expiration of another applicable shorter cure period specifically set forth in this Agreement.

6.2.3. Any failure of the Operator to satisfy or comply with any of the Operator's covenants or agreements set forth in Article 5 and such failure continues for thirty (30) days after Operator receives written notice thereof.

6.2.4. Any representation, warranty or disclosure made to the Agency by the Operator regarding this Agreement or the Project that is materially false or misleading as of the date made, whether or not such representation or disclosure appears in this Agreement. If the Operator determines or discovers a representation or disclosure made to the Agency is materially false or misleading, Operator shall inform Agency in writing of such determination or discovery.

6.2.5. The Operator fails to make any payment or deposit of funds or provide any bond or other security required under this Agreement or to pay any other charge set forth in this Agreement, following seven (7) days' written notice of such failure to the Operator from the Agency.

6.2.6. Any material deviation in the work of construction or installation of the Project from the approved Scope of Development, without the prior written approval of the Agency.

6.2.7. The appearance of defective workmanship or materials and such defects are not corrected or substantially corrected, within thirty (30) days after receipt of written notice of such defective workmanship or materials to the Operator from the Agency.

6.2.8. Any portion of the Project encroaches over the Property boundaries or setback lines or violates any easement rights and the condition is not corrected, within thirty (30) days following written notice of such encroachment or violation to the Operator from the Agency.

6.2.9. The development of the Project does not proceed with due diligence, pursuant to the Schedule of Performance, subject to the occurrence of an Enforced Delay, as set forth in Section 7.5.

6.2.10. There occurs any event of dissolution, reorganization or termination of the Operator that adversely and materially affects the operation or value of the Property or the Project, and such event is not corrected within five (5) days following written notice of such event to the Operator from the Agency.

6.2.11. The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of law, in violation of the terms and conditions of this Agreement.

6.2.12. The Operator becomes insolvent or a receiver is appointed to conduct the affairs of the Operator under state or federal law;

6.2.13. YWCA of San Gabriel Valley's legal status as a California corporation authorized by the Secretary of State of the State of California to transact business in California is suspended or terminated.

6.3. Legal Actions.

6.3.1. In addition to any other rights or remedies, either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must

be instituted in the Superior Court of Los Angeles County, California, or in any other appropriate court in Los Angeles County, California.

6.3.1.1. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.4. Rights and Remedies are Cumulative. Except with respect to any rights and remedies expressly declared to be exclusive 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.

6.5. Damages. If either Party defaults with regard to any provision of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the defaulting Party does not diligently commence to cure such default within thirty (30) calendar days after service of the notice of default and promptly complete the cure of such default within a reasonable time, not to exceed sixty (60) calendar days (or such shorter period as may otherwise be specified in this Agreement for any specific default), after the service of written notice of such default, and subject to the provisions of Section 7.7, the defaulting Party shall be liable to the other Party for damages caused by such default.

6.6. Specific Performance. If the Operator defaults under any of the provisions or covenants set forth in Article 5 of this Agreement, the Agency shall serve written notice of such default upon the Operator. If the Operator does not commence to cure the default and diligently and continuously proceeds with such cure within thirty (30) calendar days after service of the notice of default, and such default is not cured within a reasonable time thereafter, the Agency, at its option and in addition to any other remedies available to it for such default, may institute an action for specific performance of the terms of Article 5.

6.7. Agency Rights of Termination.

6.7.1. Subject to written notice of default which shall specify Operator's default and the action required to commence cure of same and upon thirty (30) calendar days notice to Operator of Agency's intent to terminate this Agreement pursuant to this Section 6.7, Agency at its option may terminate this Agreement, if Operator is in breach of this Agreement, assigns or attempts to assign this Agreement, or any right therein, or attempts to make any total or partial sale, lease or leaseback, transfer or conveyance of the whole or any part of the Property or the improvements to be developed thereon in violation of the terms of this Agreement, and Operator does not correct such violation within thirty (30) calendar days from the date of receipt of such notice.

6.7.2. Subject to written notice of default, which shall specify Operator's default and the action required to commence cure of same and upon thirty (30) calendar days notice to Operator of Agency's intent to terminate this Agreement pursuant to this Section 6.7, Agency at its option may terminate this Agreement if Operator: (i) does not within the time limits set forth in this Agreement or as specifically provided in the Schedule of Performance, subject to extensions authorized by this Agreement due to force majeure or otherwise, submit

development plans, construction drawings and related documents acceptable to the Planning Division and Building Division of the City for plan check purposes and in order to obtain building permits for the improvement of the Property, together with applicable fees therefore prepared to the minimum acceptable standards as required by the Planning Division and Building Division of the City for commencement of formal review of such documents and as required by this Agreement; or (ii) does not carry out its other responsibilities under this Agreement or in accordance with any modification or variance, precise plan, design review and other environmental or governmental approvals and such default is not cured or Operator does not commence and diligently and continuously proceed with such cure within thirty (30) calendar days after the date of receipt of written demand therefore from Agency.

6.8. Agency Power of Termination Regarding Property.

6.8.1. The Agency hereby reserves a power of termination pursuant to Civil Code Sections 885.010, et seq., exercisable by the Agency, in its sole and absolute discretion, upon thirty (30) calendar days written notice to the Operator referencing this Section 6.8, to terminate the fee interest of the Operator in the Property and/or any improvements to the Property and revest such fee title in the Agency and take possession of all or any portion of such real property and improvements, without compensation to the Operator, upon the occurrence of an Event of Default or pursuant to Section 6.7 above.

6.8.2. The thirty (30) calendar day written notice specified in Section 6.8 shall specify the Event of Default by the Operator triggering the Agency's exercise of its power of termination.

6.8.3. The rights of the Agency under this Section 6.8 shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit:

6.8.3.1. Any Permitted Encumbrance; or

6.8.3.2. Any leases, declarations of covenants, conditions and restrictions, easement agreements or other recorded documents or interests applicable to the Property and specifically authorized by this Agreement or consented to in writing by the Agency.

ARTICLE 7

GENERAL PROVISIONS

7.1. Notices, Demands and Communications Between the Parties.

7.1.1. Any and all notices, demands or communications submitted by any Party to another Party pursuant to or as required by this Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the principal office of Agency and Operator, as applicable, as designated in Section 7.1.1 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate as provided in this Section 7.1.1. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when

any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, or two (2) calendar days after it is placed in the United States mail as heretofore provided.

7.1.2. In addition to the submission of notices, demands or communications to the Parties as set forth above, copies of all notices shall also be delivered by facsimile as follows:

to Operator:
YWCA of San Gabriel Valley
943 North Grand Avenue
Covina, CA 91724
Attn: Executive Director

With copy to:
[insert name and address]

to Agency:
Covina Redevelopment Agency
125 E. College Street
Covina, CA 91723
Attn: Executive Director

With copy to:
Best Best & Krieger LLP
5 Park Plaza, Suite 1500
Irvine, CA 92614
Attn: Agency Counsel

7.2. Conflict of Interest. No member, official or employee of the City or Agency having any conflict of interest, direct or indirect, related to this Agreement, the Property, or the development or operation of the Project shall participate in any decision relating to this Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

7.3. Warranty Against Payment of Consideration for Agreement. Operator warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section 7.3, shall not include persons to whom fees are paid for professional services if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by Operator.

7.4. Nonliability of Agency Officials and Employees. No member, official or employee of Agency shall be personally liable to Operator, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to Operator or to its successor, or on any obligations under the terms of this Agreement, except for gross negligence or willful acts of such member, officer or employee.

7.5. Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default, or considered to be a default, where delays or defaults are due to the force majeure events of 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 or lack of transportation, weather-caused delays, inability to secure necessary labor,

materials or tools, delays of any contractors, subcontractor or supplier, which are not attributable to the fault of the Party claiming an extension of time to prepare or acts or failure to act of any public or Governmental Agency or entity (provided that acts or failure to act of the City or Agency shall not extend the time for Agency to act hereunder except for delays associated with a lawsuit or injunction including but without limitation to lawsuits pertaining to the approval of the Agreement, and the like). An extension of time for any such force majeure cause shall be for the period of the enforced delay and shall commence to run from the date of occurrence of the delay; provided however, that the Party which claims the existence of the delay has first provided the other Party with written notice of the occurrence of the delay within ten (10) calendar days of the commencement of such occurrence of delay. The inability of Operator to satisfy any condition of this Agreement relating to the redevelopment of the Property shall not be deemed to be a force majeure event or otherwise provide grounds for the assertion of the existence of a delay under this Section 7.5. The Parties hereto expressly acknowledge and agree that changes in either general economic conditions or changes in the economic assumptions of any of them which may have provided a basis for entering into this Agreement and which occur at any time after the execution of this Agreement, are not force majeure events and do not provide any Party with grounds for asserting the existence of a delay in the performance of any covenant or undertaking which may arise under this Agreement. Each Party expressly assumes the risk that changes in general economic conditions or changes in such economic assumptions relating to the terms and covenants of this Agreement could impose an inconvenience or hardship on the continued performance of such Party under this Agreement, but that such inconvenience or hardship is not a force majeure event and does not excuse the performance by such Party of its obligations under this Agreement.

7.6. Inspection of Books and Records. Agency shall have the right at all reasonable times at Agency's cost and expense to inspect the books and records of Operator pertaining to the Property, and/or the development of the Project on the Property, as necessary for Agency, in its reasonable discretion, to enforce its rights under this Agreement. Matters discovered by Agency shall not be disclosed to third parties unless required by law or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of Agency hereunder.

7.7. Operator Indemnification of the Agency.

7.7.1. Indemnity. In addition to any other specific indemnification or defense obligations of the Operator set forth in this Agreement and to the fullest extent permitted by law, the Operator agrees to indemnify, defend (upon written request by the Agency and with counsel reasonably acceptable to the Agency) and hold harmless each and all of the Agency Parties from and against all Claims that are in any manner directly or indirectly caused, occasioned or contributed to in whole or in part by:

7.7.1.1. Any act, omission, fault or negligence, whether active or passive, of the Operator or the Operator's officers, agents, employees, independent contractors or subcontractors of any tier, relating in any manner to this Agreement or any work to be performed by any such person related to this Agreement, the Property, or the Project; or

7.7.1.2. Any authority or obligation exercised or undertaken by the Operator under or pursuant to this Agreement; or

7.7.1.3. Any breach or default in performance of any obligation of the Operator under this Agreement.

7.7.2. Strict Liability. The indemnification obligation of the Operator shall apply regardless of whether liability without fault or strict liability is imposed or sought to be imposed on one or more of the Agency Parties. The indemnification obligations of the Operator shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim against Agency Party was proximately caused by the negligence or willful misconduct of that Agency Party. In such event, however, the Operator's indemnification obligations to all other Agency Parties shall be unaffected.

7.7.3. Independent of Insurance Obligations. The Operator's indemnification obligations pursuant to this Section 7.7 shall not be construed or interpreted as in any way restricting, limiting, or modifying the Operator's insurance or other obligations under this Agreement and is independent of the Operator's insurance and other obligations under this Agreement. The Operator's compliance with its insurance obligations and other obligations under this Agreement shall not in any way restrict, limit, or modify the Operator's indemnification obligations under this Agreement.

7.7.4. Attorney Fees. The Agency Parties shall be entitled to recover their reasonable attorney fees and actual costs incurred in enforcing the Operator's indemnification obligations pursuant to this Section 7.7.

7.7.5. Survival of Indemnification and Defense Obligations. The Operator's indemnification and defense obligations pursuant to this 7.7 shall survive the expiration or earlier termination of this Agreement, until all Claims against any of the Agency Parties involving any of the indemnified matters are fully, finally, and absolutely and completely barred by the applicable statutes of limitations.

7.7.6. Independent Duty to Defend. The Operator's duty to defend the Agency Parties is separate and independent of the Operator's duty to indemnify the Agency Parties. The duty to defend includes Claims for which the Agency Parties may be liable without fault or strictly liable. The duty to defend applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of the Operator or the Agency Parties have been determined. The duty to defend applies immediately, regardless of whether the Agency Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of the Operator and the Agency that the Agency Parties be entitled to obtain summary adjudication or summary judgment regarding the Operator's duty to defend the Agency Parties at any stage of any Claim or suit within the scope of this Section 7.7.

7.8. Attorneys' Fees. If either Party hereto files any action or brings any action or proceeding against the other arising out of this Agreement, or is made a party to any action or proceeding brought by the Escrow Holder or a third party, then as between Operator and

Agency, the prevailing Party shall be entitled to recover as an element of its costs of suit, and not as damages, its reasonable attorneys' fees and costs of experts as fixed by the Court, in such action or proceeding or in a separate action or proceeding brought to recover such attorneys' fees. For the purposes hereof the words "reasonable attorneys' fees" mean and include, in the case of Agency, salaries and expenses of the lawyers employed by Agency (allocated on an hourly basis) who may provide legal services to Agency in connection with the representation of Agency in any such matter.

7.9. Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

7.10. Further Assurances. The Parties agree to reasonably consider such additional actions or the execution of such other documents as may be reasonably necessary or convenient to the financing, development, and operation of the Project, although nothing in this Section 7.10 shall be deemed a representation, guarantee or commitment by either Party to take any action or execute any document.

ARTICLE 8

ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

8.1. Entire Agreement. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Property and the development thereof.

8.2. Waivers and Amendments. All waivers of the provisions of this Agreement and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Operator.

8.2.1. The Executive Director of Agency is authorized to sign on his or her own authority amendments to this Agreement which are of routine or technical nature, including minor adjustments not exceeding in the aggregate sixty (60) calendar days to the Schedule of Performance.

ARTICLE 9

EXECUTION OF AGREEMENT

9.1. Execution of Agreement.

9.1.1. Counterparts. This Agreement shall be executed in three (3) triplicate originals each of which is deemed to be an original. This Agreement and the Exhibits attached to this Agreement constitute the entire understanding and Agreement of the Parties.

9.1.2. Acceptance of Agreement By Agency. Following its execution by Operator and prompt delivery thereafter to Agency, this Agreement shall be subject to the review

and approval by the governing board of Agency in its sole and absolute discretion within forty-five (45) calendar days after the date of signature by Operator. In the event that Agency has not approved, executed and delivered this Agreement to Operator within the foregoing period, then the Parties shall be mutually released from any further duties or obligations hereunder.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the dates set forth below.

[Signatures on following pages]

EXHIBIT "A"
TO
FUNDING AGREEMENT
(WINGS)

Scope of Development

According to the Scoping/Concept Design Preliminary Construction Cost Model C Rev 1 of the Building and Site Assessment Report:

For Area 1, which is to be the transitional housing wing, reconfigure 2nd floor Bedrooms and add Bedrooms on the east wing and central area for 7 total, 2 baths/wc, 2 kitchenettes, 1 w/d, from 4 Bedrooms, 1 shared bath/wc.

EXHIBIT "B"
TO
FUNDING AGREEMENT
(WINGS)

Schedule of Performance

[Attached Behind This Page]

EXHIBIT B

AFFORDABLE HOUSING AGREEMENT

THIS AGREEMENT is entered into on March, 2011, by and between the COVINA REDEVELOPMENT AGENCY (hereinafter referred to as the "Agency") and YWCA OF SAN GABRIEL VALLEY, a California non-profit corporation (hereinafter referred to as the "Owner"). Agency and Owner agree as follows:

1. SUBJECT OF AGREEMENT

1.1 Purpose of the Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plans (the "Redevelopment Plans") for the Covina Redevelopment Project No. 1 and Covina Redevelopment Project No. 2 (the "Redevelopment Projects") by assisting in the availability of affordable residential housing at location(s) owned by Owner within the community in order to improve the supply and availability of lower income housing in the community. Owner provides transitional residential facilities to women and children who are victims of domestic violence and child abuse. The Community Redevelopment Law requires that residential units assisted with funds from the Low and Moderate Income Housing Fund be available at affordable housing cost to very low, low, or moderate income households

1.2 Housing Locations

The housing that is provided by Owner is at locations that are leased or owned by Owner but which are not publicly advertised in order to protect the residents. Owner represents and agrees that not less than one of the housing units containing Designated Units (as defined below) available to residents of Covina is located within the City of Covina ("City").

1.3 Parties to the Agreement

1.3.1 Agency

Agency is 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. The principal office of Agency is located at 125 E. College Street, Covina, CA 91723.

1.3.2 Owner

Owner is a California non-profit corporation. The principal address of Owner is 943 N. Grand Avenue, Covina, CA 91724.

1.4 Prohibition Against Change in Ownership
Management and Control of Owner

The qualifications and identity of Owner are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with Owner. No voluntary or involuntary successor in interest of Owner shall acquire any rights or powers under this Agreement except as expressly set forth herein.

Except as provided in other Sections, Owner shall not assign all or any part of this Agreement without the prior written approval of Agency which approval shall not be unreasonably withheld.

Wherever the term "Owner" is used herein, such term shall include any permitted nominee or assignee as herein provided.

2. OPERATION OF ASSISTED HOUSING

2.1 Scope of Services

The housing that is to be provided by Owner under this Agreement shall include not less than two (2) apartment units available to Eligible Persons as hereinafter defined for transitional housing to women and children at Affordable Rent as hereinafter defined. Such apartment units are sometimes hereinafter referred to as "Designated Units" Owner agrees to rent the Designated Units at "Affordable Housing Cost", as defined in Section 50052.5 (b) (1) of the California Health and Safety Code, to Eligible Persons for not less than sixty (60) days as a minimum unless such person(s) elects to leave voluntarily before such time.

2.2 Eligible Persons

Persons who qualify for the Designated Units as Eligible Persons are defined in subsection a. and b. below. Such persons shall not be required to pay more than Affordable Rent as defined in subsection c. below:

a. Very Low Income Eligible Persons means persons and families whose income does not exceed fifty percent (50%) of Area Median Income as defined below.

b. Lower Income Eligible Persons means persons and families whose income does not exceed eighty percent (80%) of Area Median Income, and who meet the definition of "lower income household" within the meaning of California Health & Safety Section 50079.5. The term "Area Median Income" means the median family income, as adjusted for family size, for the Los Angeles Standard Metropolitan Statistical Area, as annually estimated by the Unitedor as established by the United States Department of Housing and Urban Development

AFFORDABLE HOUSING AGREEMENT

pursuant to Section 8 of the United States Housing Act of 1937.

c. Affordable Rent is as defined in California Health and Safety Code Section 50053 (b) (2) which defines affordable rent for Very Low Income Households and Section 50053 (b) (3) which defines affordable rent for Lower Income Households.

2.3 Verification of Eligible Persons. Prior to the rental of any Designated Unit, or as soon thereafter as such information can be obtained if not immediately available because of an emergency, Owner shall verify that the persons qualify as either a Very Low Income Eligible Person or Lower Income Eligible Person, by requiring submission of copies of filed income tax forms, paycheck stubs, government benefit checks, or other evidence of household income. For each Designated Unit that is rented, Owner shall demonstrate and certify to the Agency that such rental is at Affordable Rent and to Eligible Persons. Such certification shall be provided as required by law as it is amended from time to time.

2.4 Indemnity and Insurance

Owner shall indemnify, defend, and hold the Agency, its officials, 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 Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement. Owner shall take out and maintain during the life of this Agreement, a comprehensive liability policy in the amount of Two Million Dollars (\$2,000,000.00) combined single limit policy.

Owner shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by Owner upon execution of this Agreement by Agency.

Owner shall also furnish or cause to be furnished to Agency evidence satisfactory to Agency that 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.

2.5 City and Other Governmental Agency Permits

Owner shall secure or cause to be secured any and all permits which may be required by City or any other governmental agency affected by such rental operations.

2.6 No Agency Liability

Agency neither undertakes nor assumes nor will have any responsibility or duty

AFFORDABLE HOUSING AGREEMENT

to Owner or to any third party to review, inspect, supervise, pass judgment upon or inform Owner or any third party of any matter in connection with the operation of the housing available through the Owner's program. However, Agency shall have the right to inspect the premises made available for long term housing. Owner and all third parties shall rely upon its or their own judgement with respect to such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Owner or to any third party by Agency in connection with any such matter is for the public purpose of carrying out the Redevelopment Plans and this Agreement, and neither Owner (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

3. AGENCY ASSISTANCE

3.1 Grant for Affordable Housing

Owner has requested that Agency provide an annual grant of Fourteen Thousand Four Hundred Dollars (\$14,400.00) to pay for care provided to women and children who are Eligible Persons as defined above. Agency agrees to grant Fourteen Thousand Four Hundred Dollars (\$14,400.00) to Owner per year for a period of ten years, totaling One Hundred Forty-Four Thousand Dollars (\$144,000.00). Such payment by the Agency shall be used by Owner to provide rental subsidy for two (2) of the Designated Units on a monthly basis.

3.2 Disbursement of Funds

Agency agrees to disburse the funds described in Section 3.1 to Owner in monthly payments commencing not later than thirty (30) days after execution of this Agreement. This agreement is based on the availability of Agency funds. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

4. DEFAULTS, REMEDIES AND TERMINATION

4.1 Defaults - General

Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default. This Section shall only apply until

AFFORDABLE HOUSING AGREEMENT

completion of rehabilitation of Owner's improvements and payment of all installments of Agency's grant to Owner.

In addition to any other rights or remedies, either party may institute legal action 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 Los Angeles, State of California, or in any other appropriate court in that county.

4.2 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. Venue shall be in the County of Los Angeles.

5. GENERAL PROVISIONS

5.1 Notices, Demands and Communications Between the Parties

Formal notices, demands and communications between the Agency and the Owner shall be sufficiently given if in writing and personally delivered or sent by overnight courier (e.g. Federal Express), or by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Owner, as designated in Section 1.3. Such written notices, demands and communications may be sent in the same manner to such other addressees as either party may from time to time designate by mail as provided in this section.

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

5.2 Conflict of Interests

No member, official or employee of 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 it is, directly or indirectly, interested.

Owner warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement except such attorney's and consultants' fees as it may incur in preparation of this Agreement.

5.3 Nonliability of Agency Officials and Employees

No member, official or employee of Agency shall be personally liable to

AFFORDABLE HOUSING AGREEMENT

Owner, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to Owner or successor or on any obligations under the terms of this Agreement.

5.4 Attorney's Fees

In any judicial or arbitration proceeding involving performance under this Agreement, or default or breach thereof, the prevailing party shall be entitled to its reasonable attorney's fees and costs.

5.5 Inspection of Books and Records

Agency has the right at all reasonable times, upon written notice, to inspect the records of Owner pertaining to the parties that comprise Owner and their ownership interests in Owner as pertinent to the purposes of this Agreement.

5.6 Time is of the Essence

Time is of the essence in this Agreement.

5.7 Partial Invalidity

If any term, provision, or portion of this Agreement or the application thereof to any person or circumstance is found to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each such term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

6. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original.

This Agreement includes eight (8) pages which constitute the entire understanding and agreement of the parties. The parties acknowledge and agree that at all times they have intended that none of the preliminary negotiations concerning this transaction would be binding on either party, and that they would be bound to each other only by a single formal comprehensive document containing this paragraph and all of the agreements of the parties, in final form, which has been executed and delivered by Agency and Owner. The parties acknowledge that none of the prior oral agreements between them (and none of the representations on which either of them has relied) relating to the subject matter of this Agreement shall have any force or effect whatever, except as and to the extent that such agreements and representations have been incorporated in this Agreement.

AFFORDABLE HOUSING AGREEMENT

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Agency or Owner, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Owner.

No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of the time for performance of any obligations or acts to be performed herein shall be deemed to be an extension of the time for performance of any other obligations or acts to be performed under this Agreement

7. TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by Owner and delivered to the Agency, must be authorized, executed and delivered by Agency within fifteen (15) days after date of signature by Owner or this Agreement shall be voidable, upon notice in writing from Owner. The date of this Agreement shall be the date when the Agreement shall have been signed by Agency.

AFFORDABLE HOUSING AGREEMENT

IN WITNESS WHEREOF, Agency and Owner have executed this Agreement as of the dates set opposite their signatures.

COVINA REDEVELOPMENT AGENCY

Dated: _____, 2011

By: _____
Daryl Parrish, Executive Director

YWCA OF SAN GABRIEL VALLEY,
a California non-profit corporation

Dated: _____, 2011

By: _____

By: _____

EXHIBIT C

RESOLUTION NO. 11-668

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY, TO AMEND THE FISCAL YEAR 2010-2011 COVINA REDEVELOPMENT AGENCY BUDGET TO REFLECT AN APPROPRIATION OF \$474,000 FROM HOUSING SET ASIDE UNDESIGNATED FUNDS TO PROVIDE FINANCIAL ASSISTANCE THROUGH THE FUNDING AGREEMENT (WINGS) AND A CERTAIN AFFORDABLE HOUSING AGREEMENT, BOTH BETWEEN THE COVINA REDEVELOPMENT AGENCY AND THE YWCA OF SAN GABRIEL VALLEY

WHEREAS, the budget for the COVINA REDEVELOPMENT AGENCY ("Agency") for Fiscal Year commencing July 1, 2010 and ending June 30, 2011 was approved on June 15, 2010; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the Executive Director, whereas amendments (increases/decreases) to the Budget shall be by approval and resolution of the Agency Board; and

WHEREAS, the YWCA has requested that Agency provide funds from the Low- and Moderate-Housing Fund to the Operator to be used for the Project; and

WHEREAS, California Redevelopment Law, Health and Safety Code Section 33334.2(g) provides that funds from the Low- and Moderate-Housing Fund may be used outside a redevelopment project area, subject to a finding by resolution of the redevelopment agency and the legislative body that such use will be of benefit to the redevelopment project area.

WHEREAS the City and Agency have previously adopted resolutions making the required findings of benefit to the Project Area and authorizing the use of funds from the Low- and Moderate-Housing Fund outside the Project Area. The location of the Property is not publicly disclosed in order to protect its residents but if the location is outside of the Project Area the City and Agency have made all required findings.

WHEREAS, the Agency wishes to assist in the provision of affordable housing opportunities by providing a grant for the renovation of transitional housing for victims of domestic violence, and a separate grant funding the continued rental subsidy of two transitional housing units in the WINGS project for a ten year period, and

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Redevelopment Agency of the City of Covina, as follows:

SECTION 1. Amend the fiscal year 2010-2011 Covina Redevelopment Agency operating budget as follows: \$330,000 from the Low-to Moderate-Income Housing Fund Undesignated Fund Balance Account 2051-0000-00-33000 to Account 2051-4700-00-53750, for renovation of the WINGS transitional housing project, and \$144,000 to Account 2052-4700-00-53780, for continued rent subsidy for two qualified households in transitional housing.

SECTION 2. Should Agency funds not be available, then no other funding can be compelled or required by the Agreement.

SECTION 3. The action is exempt from the California Environmental Quality Act ("CEQA") (Pub. Res. Code, §§ 21000, *et seq.* and Title 14 Executive Director is hereby authorized to execute said Agreement on behalf of the California Code of Regulations, §§ 15000 *et seq.* ("State CEQA Guidelines")), pursuant to 14 Cal. Code of Regs., §15301 as repair or modification of an existing facility and Staff is hereby directed to file a Notice of Exemption with the Los Angeles County Clerk's Office. Agency.

SECTION 4. The Agency Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Peggy Delach, Chairman

ATTEST:

Catherine LaCroix, Agency Secretary

APPROVED AS TO FORM:

Agency Counsel

EXHIBIT "C"
TO
FUNDING AGREEMENT
(WINGS)

Regulatory Agreement

[Attached Behind This Page]

REGULATORY AGREEMENT

(WINGS)

by and between

THE COVINA REDEVELOPMENT AGENCY
a public body, corporate and politic

and

YWCA OF SAN GABRIEL VALLEY
a California corporation

[Reference dated as of March 6, 2011]

This COVINA REDEVELOPMENT AGENCY REGULATORY AGREEMENT (WINGS) (“Regulatory Agreement”) is made and entered into as of _____, 2011, by and between THE COVINA REDEVELOPMENT AGENCY, a public body corporate and politic (“Agency”) and YWCA of San Gabriel Valley, a California corporation (“Operator”).

RECITALS

A. Agency and Operator have entered into that certain FUNDING AGREEMENT (WINGS), dated as of [INSERT DATE], (“Agreement”) which provides for, among other things, certain real property improved by a transitional housing unit (“Property”) and the physical improvement of such housing unit to increase the number of bedrooms available and offering such bedrooms as affordable housing rental units (“Project”), subject to certain conditions, including the terms and conditions of this Regulatory Agreement. All initially capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such term by the Agreement.

B. The terms of the Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Property for at least fifty-five (55) years from the Completion Date.

C. Any capitalized terms in this Regulatory Agreement shall take on the meaning of such terms set forth in the Agreement, unless otherwise set forth herein.

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

1. Definitions of Certain Terms. As used in this Regulatory Agreement, the following words and terms shall have the meaning as provided in the Recitals or in this Section 1, unless the specific context of usage of a particular word or term may otherwise require. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

1.1 Affordable Rent. In reference to each Bedroom, the term “Affordable Rent” shall mean the “Affordable Rent” as set forth in California Health and Safety Code Section 50053, as that section may hereafter be amended from time-to-time, and shall provide an allowance for utilities and maintenance costs established by the State of California Department of Housing and Community Development from time to time. Agency agrees that “Affordable Rent” shall be determined based on AMI for the family size appropriate for the applicable unit and not on actual household income.

1.2 AMI. The term “AMI” shall mean the area median income for Los Angeles County, California adjusted for family size by the State of California Department of Housing and Community Development in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development

pursuant to Section 8 of the United States Housing Act of 1937, and California Health and Safety Code Section 50093.

1.3 Bedroom. The term "Bedroom" shall mean one (1) of eleven (11) Bedrooms to be constructed in the transitional housing on the Property, seven (7) of which are to be constructed/renovated according to the terms of this Agreement and all eleven (11) of which are to be restricted to persons or families with incomes less than or equal to Low or Moderate Income Households, as set forth in this Agreement.

1.4 Holdover Tenant. The term "Holdover Tenant" shall mean those persons and households residing in any of the Bedrooms prior to and after the Effective Date of the Agreement.

1.5 Project. The term "Project" shall mean physical improvements to a certain area of the transitional housing on the Property to increase the number of Bedrooms from four (4) to seven (7), such Bedrooms to be made available as affordable housing rental units for Low or Moderate Income Households. The Project is more particularly described in the Scope of Development attached to this Agreement as Exhibit "A".

1.6 Qualified Households. The term "Qualified Households" shall mean, persons and families whose gross incomes do not exceed that of "persons and families of low or moderate income", adjusted for family size, as defined in California Health and Safety Code Section 50093.

1.7 Term. The word "Term" shall mean the period of time following the Effective Date and continuing for at least fifty-five (55) years from the Completion Date.

2. Acknowledgment of Operator. Operator hereby acknowledges that this Regulatory Agreement imposes certain restrictions on the use and occupancy of the Project and the Property during the Term of this Regulatory Agreement. Operator acknowledges and understands that the restrictions shall be applicable to the Project and the Property for the Term hereof, commencing on the completion date of the Project as set forth in Exhibit "B" to the Agreement.

Initials of Operator

3. Covenants and Obligations of Operator.

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

3.2 Occupation By Qualified Household. Operator covenants that the Bedrooms shall at all times be occupied or held vacant and available for rental at an Affordable Rent for the Qualified Household income level designated by Section 1.6 to occupy such

Bedroom, except those Bedrooms which shall be occupied by Holdover Tenants as defined in Section 1.4 and as set forth in Section 5.1.2 of the Agreement.

3.3 Rent Covenant. Operator covenants that no Qualified Household shall pay an amount in excess of Affordable Rent for such Qualified Household as designated by Section 1.1 for such Bedroom.

3.3.1 Holdover Tenants. Holdover Tenants shall be permitted to continue residing in such Bedrooms until the natural termination of their lease agreements or until such lease agreements are terminated earlier in accordance with the lease agreements. Holdover Tenants shall be responsible for paying rent in an amount equal to that charged to a Qualified Household. If such Holdover Tenant's gross income exceeds that of a Low or Moderate Income Household, adjusted for family size, Operator shall ensure that the remaining available Bedrooms shall be leased only to Qualified Households. Upon the vacation of a Bedroom by a Holdover Tenant, such Bedroom shall be available only to a Qualified Household.

3.4 Tenant Qualification.

3.4.1 Each of the eleven (11) Bedrooms shall be leased to a Qualified Household.

3.5 Proof of Qualification. Certification of Qualified Households' Income shall be made by Operator at the time of initial occupancy of a Bedroom and upon each renewal of a Qualified Household's lease. All such verification information described in this Section 3.5 shall only be obtained by Operator after obtaining the Qualified Household's written consent for the release of such information to Operator. Operator shall obtain, prior to initial occupancy and upon each lease renewal and, thereafter, maintain on file, income certifications from each Qualified Household renting any of the Bedrooms in the form attached as Attachment No. 2 to this Regulatory Agreement and incorporated herein by reference. Operator shall make a good faith effort to verify that the income information provided by an applicant (or occupying Qualified Household) in an income certification is accurate by taking one or more of the following steps as a part of the verification process:

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

3.5.2 Obtain copies of paycheck stubs

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

3.5.4 Obtain copies of government benefit checks,

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

3.5.6 The certification of Holdover Tenants' income shall be made by Operator within one (1) year from the date the Agency completed its most recent certification and in accordance with this Section 3.5.

3.6 Recertification of Income. On the anniversary of the occupancy of each Bedroom, Operator shall recertify the household income of the tenant occupying the Bedroom. Copies of tenant income certifications shall be available to Agency upon request. In the event the recertification demonstrates that a tenant's income exceeds the income at which such tenant would qualify as a Qualified Household, Operator shall ensure that the remaining available Bedrooms shall be leased only to Qualified Households. Operator shall ensure appropriate language is included in the lease requiring tenants to provide income information annually.

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

3.8 Records and Audits. Records shall be established and maintained by Operator relating to the use and occupancy of the Property and the Project for affordable rental housing use purposes, as authorized herein. Operator shall be responsible for establishing and maintaining such records during the Term of this Regulatory Agreement, and Operator shall provide Agency with copies of such records within thirty (30) calendar days of written request by Agency.

3.8.1 Commencing on the June 30 following the first (1st) anniversary of the Effective Date of the Agreement, and on each June 30 thereafter during the Term, Operator shall submit a report to Agency, in the form attached as Attachment No. 3 to this Regulatory Agreement and incorporated herein by reference ("Annual Report"). The Annual Report shall include for each Bedroom, the rent, income and household size of the tenant(s) occupying the Bedroom. The Annual Report shall also state the date the tenancy commenced for each Bedroom and such other information as Agency may be required by law to obtain; provided, however, that Agency shall take reasonable steps to maintain the confidential nature of the information contained in any Annual Report specifically relating to any Bedroom. Operator shall provide any additional information reasonably requested by Agency, including without limitation Project-related income and expense accounting information.

3.8.2 Agency shall have the right to examine and make copies of all books, records or other documents of Operator which pertain to any Bedroom; provided, however, that Agency shall take reasonable steps to maintain the confidential nature of such information. Operator shall maintain complete, accurate and current records pertaining to the Bedrooms, the Property and the Project, and shall permit any duly authorized representative of Agency (during business hours and upon not less than seventy-two (72) hours notice) to inspect such records, including records pertaining to income and household size of Qualified Households and Holdover Tenants; provided, however, that Agency shall take reasonable steps to maintain the confidential nature of information relating to any specific household.

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

3.9.1 The lease between Operator and the Qualified Household shall be for not less than sixty (60) days.

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

(a) an agreement by the Qualified Household to be sued, to admit guilt or to entry of a judgment in favor of Operator in a lawsuit brought in connection with the lease;

(b) an agreement by the Qualified Household that Operator may take, hold or sell personal property of household members, without notice to the Qualified Household and a court decision on the rights of the parties, other than an agreement by the tenant concerning disposition of personal property remaining in the Bedroom, after the Qualified Household has moved out of the Bedroom;

(c) an agreement by the Qualified Household not to hold Operator or its agents legally responsible for any action or failure to act, whether intentional or negligent;

(d) an agreement by the Qualified Household that Operator may institute a lawsuit without notice to the Qualified Household;

(e) an agreement by the Qualified Household that Operator may evict the Qualified Household without instituting a civil court proceeding in which the Qualified Household has the opportunity to present a defense, or before a court decision on the rights of the parties;

(f) an agreement by the Qualified Household to waive any right to a trial by jury;

(g) an agreement by the Qualified Household to waive the Qualified Household's right to appeal, or to otherwise challenge a court decision in connection with the lease;

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

3.10 Operator shall not terminate the tenancy or refuse to renew the lease of a Qualified Household, except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause including a tenant's income exceeding that of a Low or Moderate Income Household. Operator shall, in connection with a termination of a tenancy or a refusal to renew a lease, serve written notice upon the Qualified Household specifying the grounds for the action, at least thirty (30) calendar days before the termination of the tenancy.

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

3.11.1 are consistent with the purpose of providing housing for individuals who have an income that is no more than the Qualified Household income level;

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

3.11.3 give reasonable consideration to the housing needs of individuals that are involuntarily displaced;

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

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

3.12 Except as may otherwise be required by the rental requirements of the financing approved pursuant to the Agreement, as applicable, all Bedrooms shall be available at an Affordable Rent for occupancy on a continuous basis to the appropriate Qualified Households. Operator shall not give preference to any particular class or group of persons in renting the Bedrooms. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, age, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Bedroom. Neither Operator nor any person claiming under or through Operator, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any Bedroom or in connection with the employment of persons for the operation and management of any Bedroom, the Project or the Property. All deeds, leases or contracts made or entered into by Operator as to the Bedrooms, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement and in the form or substantially in the form of such nondiscrimination or nonsegregation clauses as set forth in Section 5.1.3 of the Agreement.

4. Development and Management of the Project.

4.1 Management of Project. Operator shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, and income and the age of the head of household of all Bedrooms, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Agency shall have no responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by an experienced management agent ("Management Agent") reasonably acceptable to Agency, with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing. For the purposes hereof, if Operator directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner in Operator, such a Management Agent shall be deemed approved by Agency. If the Management Agent is an entity or person other than Operator, its employees, a partner in Operator or an entity owned or

controlled by Operator or which owns and/or controls Operator, Operator shall submit for Agency's approval the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by Agency. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, Agency shall approve the proposed Management Agent by notifying Operator in writing within thirty (30) days following the written request of Operator for such approval. Unless the proposed Management Agent is disapproved by Agency within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved.

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

4.2 Insurance. Operator shall cause to be in full force and effect during the Term hereof such insurance coverages as required by the Agency and as set forth herein.

4.2.1 All policies of insurance shall be primary insurance and shall name the City of Covina ("City") and Agency, and their officers, employees, and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against the City and/or Agency and their officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or canceled without providing thirty (30) calendar days prior written notice by registered mail to Agency. In the event any of said policies of insurance are canceled, Operator shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director. No operation of the Project shall commence until Operator has provided Agency with certificates of insurance or appropriate insurance binders evidencing the above insurance coverages, and said certificates of insurance or binders are approved by Agency.

4.2.2 The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated at least "A:VIII" or better in the most recent edition of Best Insurance Rating Guide or an equivalent rating in The Key Rating Guide or in the Federal Register unless such requirements are modified or waived by the Executive Director of Agency due to unique circumstances.

4.2.3 Compliance by Operator with the insurance requirements of Sections 4.2 and 4.3 of the Agreement shall be deemed to meet the foregoing requirements during the applicable periods of time when those agreements are in effect so long as Agency, City and their officers, employees, and agents are named as additional insureds on all said policies as evidenced by certificates of insurance issued to the City and Agency.

4.2.4 Operator agrees that the provisions of this Section 4 shall not be construed as limiting in any way the extent to which Operator may be held responsible for the

payment of damages to any persons or property resulting from Operator's activities or the activities of any person or persons for which Operator is otherwise responsible.

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

5.1 In the event Operator fails to cure or commence to cure the Maintenance Deficiency within the time allowed, Agency shall have the right to enter the Property (exterior areas of the Property which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity Agency may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Agency for the abatement of a Maintenance Deficiency as authorized by this Section 5.1 shall become a lien on the Property. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by Agency to Operator, Agency shall have the right to enforce the lien in the manner as provided in Section 5.3.

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

to Operator, Agency shall have the right to enforce its lien in the manner as provided in Section 5.3.

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

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

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

8. Defaults.

8.1 Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 8.2, shall constitute an "Event of Default" hereunder:

8.1.1 failure of Operator or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Agreement;

8.1.2 any warranty, representation or statement made or furnished to Agency by Operator under this Agreement is false or misleading in any material respect either now or at the time made or furnished;

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

8.2 Notice of Default. Agency shall give written notice of default to Operator in accordance with Section 15, stating that such notice is a "Notice of Default", specifying the default complained of by Agency and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, Agency may not institute legal proceedings against Operator until thirty (30) calendar days after giving notice. Failure or delay in giving notice shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if Operator initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then Operator may have such additional time as authorized in writing by Agency as reasonably necessary to complete the cure of the breach prior to exercise of any other remedy for the occurrence of an Event of Default. Such authorization for additional time to cure shall not be unreasonably withheld. If Operator fails to take corrective action relating to a default within thirty (30) calendar days following the date of notice (or to complete the cure within the additional as may be authorized by Agency), an Event of Default shall be deemed to have occurred.

8.3 Inaction Not a Waiver of Default. Any failure or delays by Agency in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Agency in asserting any of its rights and remedies shall not deprive Agency 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.

9. Remedies. Upon the occurrence of an Event of Default, Agency shall, in addition to the remedial provisions of Section 5 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require Operator to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of Agency; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and agreements of Operator to Agency.

9.1 Rights and Remedies are Cumulative. The rights and remedies of Agency as set forth in this Section 9 are cumulative and the exercise by Agency 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 Operator.

9.2 Enforcement by Third Parties. Except for the City, which shall have the power to enforce this Regulatory Agreement as the successor of Agency, no third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of Agency or to compel Agency to enforce any provision of this Regulatory Agreement against Operator or the Project.

10. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California, without regard to its conflicts of laws principles. The parties acknowledge and agree that this Regulatory Agreement is entered into, is to be fully performed in and relates to real Property located in the City of Corona, County of Los Angeles, State of California. All legal actions arising from this Regulatory Agreement shall be filed in the Superior Court of the State in and for the County of Los Angeles or in the United States District Court with jurisdiction in the County of Los Angeles.

11. Amendment. This Regulatory Agreement may be amended only by a written instrument executed by Operator and by Agency.

12. Attorney's Fees. In the event that a party brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit. For the purposes of this Section 12, the words "reasonable attorneys' fees" in the case of Agency, include the salaries, costs and overhead of the lawyers employed as city attorneys of the City who provide legal counsel to Agency in such an action as well as any Agency attorney, as allocated on an hourly basis.

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

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

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

to Operator:
YWCA of San Gabriel Valley
943 North Grand Avenue
Covina, CA 91724
Attn: Executive Director

With copy to:
[insert name]
[insert address]
Attn: [insert name or title]

to Agency:
Covina Redevelopment
Agency
125 E. College Street
Covina, CA 91723
Attn: Executive Director

With copy to:
Best Best & Krieger LLP
5 Park Plaza, Suite 1500
Irvine, CA 92614
Attn: Agency Counsel

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

16. No Third Party Beneficiary. No claim as a third-party beneficiary under this Agreement by any person, corporation or any other entity, shall be made or be valid against the Agency or Operator.

17. Prohibition Against Transfer.

17.1 Except as expressly provided in this Section 18.1 or in the Agreement, Operator shall not, without prior written approval of Agency, which may not be unreasonably withheld, delayed or conditioned, or except as permitted by this Agreement, (i) assign or attempt to assign this Agreement or any right herein or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or Lien.

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

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

[Signatures on the following page]

SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(WINGS)

REGULATORY AGREEMENT

AGENCY:

THE COVINA REDEVELOPMENT AGENCY, a
public body, corporate and politic

Dated: _____

By: _____

Daryl Parrish
Executive Director

ATTEST:

City Clerk

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

Agency Counsel

SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(WINGS)

OPERATOR:

YWCA OF SAN GABRIEL VALLEY, a California
corporation

Dated: _____

By: _____
Lisa Brabo
Executive Director

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(WINGS)

Certification of Tenant Eligibility

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

Re: **YWCA of San Gabriel Valley – WINGS Shelter**

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

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

Income Computation

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

Included in the total anticipated income listed above are:

(a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;
- (e) special pay to a household member who is away from home and exposed to hostile fire;
- (f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (g) foster child care payments;
- (h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

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

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

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

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

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

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

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

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

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two (2) years at less than fair market value? ___ Yes ___ No

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

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

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

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

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

*A full-time student is an individual enrolled as a full-time student during each of five (5) calendar months during the calendar year in which occupancy of the bedroom begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

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

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

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

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

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

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

Marital Status: _____

Race (Head of Household)

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

Physical Disability: Yes _____ No _____

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

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

Applicant

Applicant

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

FOR COMPLETION BY PROPERTY OWNER ONLY:

1. Calculation of eligible income:

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

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

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

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

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

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a Qualified Household (California Health and Safety Code Section 50105).

_____ Does not qualify the applicant(s) as Qualified Household (California Health and Safety Code Section 50105).

3. Number of bedroom units assigned:

Bedroom Size: _____ Rent: \$ _____

4. This bedroom unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the bedroom unit, qualified them as Low or Moderate Income Tenants.

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

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

EXHIBIT D
COVINA REDEVELOPMENT AGENCY

RESOLUTION NO. 11-666

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING THAT CERTAIN FUNDING AGREEMENT (WINGS) BETWEEN THE COVINA REDEVELOPMENT AGENCY AND YWCA OF SAN GABRIEL VALLEY

WHEREAS, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code § 33000 et seq.) ("CRL"), the City Council ("City Council") of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plans") for the Covina Revitalization Redevelopment Project Nos. 1 and 2 ("Projects");

WHEREAS, the COVINA REDEVELOPMENT AGENCY ("Agency") is engaged in activities necessary to execute and implement the Redevelopment Plans for the Projects;

WHEREAS, in carrying out the Redevelopment Plans, the Agency assists in the provision of housing in order to improve the supply and availability of lower income housing in the community;

WHEREAS, the YWCA-WINGS of San Gabriel Valley, a California non-profit corporation ("Owner") submitted to the Agency a written offer in the form of said Agreement for the renovation of transitional housing in order to provide transitional housing for women with children requiring assistance;

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law;

WHEREAS, Owner possesses the qualifications and financial resources necessary to acquire and operate such housing in the City of Covina;

WHEREAS, Owner has requested that Agency provide funds from the Low- and Moderate-Housing Fund to be used for the Project; and

WHEREAS, California Redevelopment Law, Health and Safety Code Section 33334.2(g) provides that funds from the Low- and Moderate-Housing Fund may be used outside

a redevelopment project area, subject to a finding by resolution of the redevelopment agency and the legislative body that such use will be of benefit to the redevelopment project area.

WHEREAS the City and Agency have previously adopted resolutions making the required findings of benefit to the Project Area and authorizing the use of funds from the Low- and Moderate-Housing Fund outside the Project Area. The location of the Property is not publicly disclosed in order to protect its residents but if the location is outside of the Project Area the City and Agency have made all required findings.

WHEREAS, the Agency is the lead agency pursuant to California Environmental Quality Act (codified as Public Resources Code Section 21000 et seq.) (“CEQA”) and the State CEQA Guidelines; and

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. Recitals. The recitals set forth above are true and correct and incorporated herein.

SECTION 2. Agreement Approval. The Agreement which establishes the terms and conditions for the Agency’s assistance is hereby approved in the form presented with such changes as the Executive Director may approve with the concurrence of the Agency Counsel, provided that the total Agency expenditures under the Agreement is not increased beyond the amount authorized by the Agency budget.

SECTION 3. Benefit. The Agency hereby finds and determines that provision of assistance to the Owner will be of benefit to the Projects although the housing provided is outside of the boundaries of the Projects.

SECTION 4. Funds. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 5. CEQA Requirements. The action is exempt from the California Environmental Quality Act (“CEQA”) (Pub. Res. Code, §§ 21000, *et seq.* and Title 14 of the California Code of Regulations, §§ 15000 *et seq.* (“State CEQA Guidelines”)), pursuant to 14 Cal. Code of Regs., §15301 as repair or minor modification of an existing facility and Staff is hereby directed to file a Notice of Exemption with the Los Angeles County Clerk’s Office.

SECTION 6. Authorization. The Executive Director is hereby authorized to execute said Agreement on behalf of the Agency.

SECTION 7. Effective Date: Certification. The Agency Secretary shall certify to the passage and adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

COVINA REDEVELOPMENT AGENCY

Chairman

ATTEST:

Secretary

APPROVED AS TO FORM:

Agency Attorney

EXHIBIT "D"
TO
FUNDING AGREEMENT
(WINGS)

Financing Plan

[Attached Behind This Page]

FINANCING PLAN

1. SUMMARY OF PROJECT FUNDING SOURCES AND DEFINITIONS

1.1 In General. The construction of the Project is intended to be financed as provided in this Financing Plan and Article 3 of the Agreement. (The construction of the Project is referred to in this Exhibit "D" as the "Project.")

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

1.2.1 **Actual Project Costs.** The actual aggregate cost amount in each of the categories of expenses for the Project set forth in Exhibit "E" – Project Budget and all other costs related to the Project that are incurred by the Operator as of the completion of the Project, as evidenced by a written notice to Agency within sixty (60) days after completion of the Project.

1.2.2 **Agency Grant.** The term "Agency Grant" shall mean a grant in an amount of Three Hundred Thirty Thousand Dollars (\$330,000.00) cash from Agency to Operator, from Affordable Housing Funds to assist Operator with Project expenses as set forth in Section 3.3 of the Agreement and to insure restrictive covenants, providing that the Bedrooms be held at Affordable Rent for Qualified Households, run with the Property for at least fifty-five (55) years from the Completion Date.

2. PROJECT FUNDING

2.1 Agency Grant. Subject to the terms and conditions of the Agreement, Agency shall disburse to Operator an amount not to exceed the Agency Grant. As an inducement to Agency to make the Agency Grant, Operator has agreed to enter into the Agreement and has agreed to the performance of the terms and conditions set forth in the Agreement. Operator shall use the Agency Grant to pay the Total Project Costs. Operator shall not be entitled to use any portion of the Agency Grant to reimburse itself for any internal management, administrative or overhead expenses or for any purpose other than paying the Total Project Costs.

2.2 Conditions Precedent to Disbursement of Agency Grant. The disbursement of the Agency Grant shall be subject to the satisfaction (or waiver by the Agency) of all of the conditions precedent set forth in this Section 3.4 of the Agreement, as determined in the reasonable discretion of the Executive Director.

2.2.1 Operator has submitted evidence of insurance coverage(s) as required by the Agreement; and

2.2.2 Operator is in compliance with all of the terms, covenants, and conditions set forth in the Agreement.

2.3 Disbursement of Agency Grant. Following satisfaction of all of the conditions precedent to disbursement of the Agency Grant under Section 2.2 of this Financing Plan, Agency shall disburse the Agency Grant as follows:

2.3.1 At the Payment Date, Three Hundred Thirty Thousand Dollars (\$330,000.00) cash shall be disbursed directly to Operator.

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

3. COST REDUCTIONS OR INCREASES; ADDITIONAL FINANCING SOURCES.

The Parties acknowledge and agree that the Agency Grant is intended to finance the Project (the amount needed to pay the Total Project Costs for the Project), but in no event to provide funding in excess of the Total Project Costs. If the Actual Project Costs are less than the Total Project Costs (the difference being a "Cost Reduction"), then the Cost Reduction shall be subtracted from the amount of the Agency Grant and returned to the Agency. If the Actual Project Costs exceed the sum of the Agency Grant and all funding sources available to the Operator for Construction of the Project (the difference being a "Project Deficit"), the Operator shall be solely responsible for causing payment (either through third party financing, as approved by the Agency, or Operator funds) of the Project Deficit.

4. OPERATOR RESPONSIBILITY FOR PROJECT COSTS.

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

EXHIBIT E
COVINA REDEVELOPMENT AGENCY

RESOLUTION NO. 11-667

A RESOLUTION OF THE COVINA REDEVELOPMENT
AGENCY APPROVING THAT CERTAIN AFFORDABLE
HOUSING AGREEMENT BETWEEN THE COVINA
REDEVELOPMENT AGENCY AND YWCA OF SAN
GABRIEL VALLEY

WHEREAS, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code § 33000 et seq.) ("CRL"), the City Council ("City Council") of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plans") for the Covina Revitalization Redevelopment Project Nos. 1 and 2 ("Projects");

WHEREAS, the COVINA REDEVELOPMENT AGENCY ("Agency") is engaged in activities necessary to execute and implement the Redevelopment;

WHEREAS, in carrying out the Projects, the Agency assists in the provision of housing in order to improve the supply and availability of lower income housing in the community;

WHEREAS, the YWCA of San Gabriel Valley, a California non-profit corporation ("Owner") operates an affordable housing transitional shelter for women with children requiring assistance;

WHEREAS, in order to effectuate the provisions of the Redevelopment Plans, the Agency is required, pursuant to CRL Section 33334.2, to set aside not less than twenty percent (20%) of the tax increment revenue it receives from each Project into a separate fund ("Housing Fund") for the purposes of increasing, improving, and preserving the City's supply of low- and moderate-income housing available at affordable housing costs;

WHEREAS, pursuant to CRL Section 33334.2(g), the Agency may only use its moneys from the Housing Fund outside a Project upon a resolution of the Agency and the City Council determining the use will be of benefit to that Project;

WHEREAS, a determination of the Agency and the City Council pursuant to CRL

Section 33334.2(g) shall be final and conclusive as to the issue of benefit to the Projects;

WHEREAS, Owner has submitted to the Agency a written offer in the form of that certain Affordable Housing Agreement (“Agreement”) for the continued operation of the affordable housing transitional shelter in exchange for funding of rental subsidy for two of the units within the transitional shelter for a period of ten years by Agency funds from its Housing Fund in the amount of One Hundred Forty-Four Thousand Dollars (\$144,000.00);

WHEREAS, the Agency is the lead agency pursuant to California Environmental Quality Act (codified as Public Resources Code Section 21000 et seq.) (“CEQA”) and the State CEQA Guidelines; and

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law;

WHEREAS, Owner possesses the qualifications and financial resources necessary to acquire and operate such housing in the City of Covina; and

WHEREAS, the City Council has determined in Resolution No. 11-6943 that the use of Housing Funds for the purposes proposed in the Agreement will be of benefit to the Projects;

WHEREAS, Agency staff has determined that the rental subsidy of affordable housing contemplated in the Agreement is exempt from California Environmental Quality Act (“CEQA”) requirements pursuant to State CEQA Guidelines Section 15378(b)(4) because such approval constitutes the creation of a funding mechanism or other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The recitals set forth above are true and correct and incorporated herein.

SECTION 2. The Governing Board determines that approval of the Agreement is exempt from the requirements of CEQA pursuant to State CEQA Guidelines Section 15378(b)(4) and directs Agency staff to file a Notice of Exemption with the Clerk of the Board of

Supervisors of the County of Los Angeles, California within five (5) days of the adoption of this Resolution.

SECTION 3. Based upon the staff report accompanying this Resolution, and such other oral and written evidence as presented, the Agency finds and determines that the use of Housing Funds outside the Projects but within the City as set forth in the Agreement will be of benefit to the Projects because such use of said funds will increase, improve and preserve the City's necessary supply of low- and moderate-income housing available at affordable housing costs, make such affordable, decent, safe and sanitary housing available to women and children requiring assistance currently living within the Projects and will strengthen the City's land use and social structure.

SECTION 4. The Agreement which establishes the terms and conditions for the Agency's assistance is hereby approved in the form presented with such changes as the Executive Director may approve with the concurrence of the Agency Counsel, provided that the total Agency expenditures under the Agreement is not increased beyond the amount authorized by the Agency budget.

SECTION 5. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

SECTION 6. The Executive Director is hereby authorized to execute said Agreement on behalf of the Agency.

SECTION 7. The Secretary shall certify to the passage and adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

COVINA REDEVELOPMENT AGENCY

Chairman

ATTEST:

Secretary

APPROVED AS TO FORM:

Agency Attorney

EXHIBIT E, Page 4 of 4

EXHIBIT F
CITY COUNCIL OF THE CITY OF COVINA

RESOLUTION NO. 11-6942

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA APPROVING THAT CERTAIN FUNDING AGREEMENT (WINGS) BETWEEN THE COVINA REDEVELOPMENT AGENCY AND YWCA OF SAN GABRIEL VALLEY AND MAKING CERTAIN ASSOCIATED FINDINGS

WHEREAS, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code § 33000 et seq.) ("CRL"), the City Council ("City Council") of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plans") for the Covina Revitalization Redevelopment Project Nos. 1 and 2 ("Projects"); and

WHEREAS, the COVINA REDEVELOPMENT AGENCY ("Agency") is engaged in activities necessary to execute and implement the Redevelopment Plans for the Projects;

WHEREAS, in carrying out the Redevelopment Plans, the Agency assists in the provision of housing in order to improve the supply and availability of lower income housing in the community;

WHEREAS, in order to effectuate the provisions of the Redevelopment Plans, the Agency is required, pursuant to CRL Section 33334.2, to set aside not less than twenty percent (20%) of the tax increment revenue it receives from each Project into a separate fund ("Housing Fund") for the purposes of increasing, improving, and preserving the City's supply of low- and moderate-income housing available at affordable housing costs;

WHEREAS, pursuant to CRL Section 33334.2(g), the Agency may only use its moneys from the Housing Fund outside a Project upon a resolution of the Agency and the City Council determining the use will be of benefit to that Project;

WHEREAS, a determination of the Agency and the City Council pursuant to CRL Section 33334.2(g) shall be final and conclusive as to the issue of benefit to the Projects;

WHEREAS, the YWCA of San Gabriel Valley, a California non-profit corporation ("Owner") submitted to the Agency a written offer in the form of that certain Funding Agreement (WINGS) ("Agreement") for the renovation of transitional housing on property it owns in order to provide additional transitional housing for women with children

requiring assistance in exchange for funding of such renovations by Agency funds from its Housing Fund in the amount of Three Hundred Thirty Thousand Dollars (\$330,000.00);

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law;

WHEREAS, Owner possesses the qualifications and financial resources necessary to acquire and operate such housing in the City of Covina;

WHEREAS, the City Council has determined, as provided in this Resolution, that the use of Housing Funds for the purposes proposed in the Agreement will be of benefit to the Projects; and

WHEREAS, in accordance with the California Environmental Quality Act (codified as Public Resources Code Section 21000 et seq.) (“CEQA”) and the State CEQA Guidelines, City staff has determined that the renovation of transitional housing contemplated in the Agreement is categorically exempt from further California Environmental Quality Act (“CEQA”) review pursuant to State CEQA Guidelines Section 15301 because it consists of the rehabilitation of existing private structures including alterations involving interior partitions involving no expansion of the existing facilities, and

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Covina as follows:

Section 1. Recitals. The recitals set forth above are true and correct and incorporated herein.

Section 2. CEQA. The City Council determines that approval of the Agreement is categorically exempt from the requirements of CEQA pursuant to State CEQA Guidelines Section 15301 and directs City staff to file a Notice of Exemption with the Clerk of the Board of Supervisors of the County of Los Angeles, California within five (5) days of the adoption of this Resolution.

Section 3. 33334.2 Findings. Based upon the staff report accompanying this Resolution, and such other oral and written evidence as presented, the City Council finds and determines that the use of Housing Funds outside the Projects but within the City as set forth in the Agreement will be of benefit to the Projects because such use of said funds will increase, improve and preserve the City’s necessary supply of low- and moderate-income housing available at affordable housing costs, make such affordable, decent, safe and sanitary housing

available to women and children requiring assistance currently living within the Projects and will strengthen the City's land use and social structure.

Section 4. Approval of Housing Fund Use. The City Council hereby approves the use of Housing Funds for the purposes set forth in the Agreement.

Section 5. Funding. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

Section 6. Effective Date; Certification. The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Mayor

ATTEST:

City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

I, Catherine M. LaCroix, Deputy City Clerk, City of Covina, do hereby CERTIFY that Resolution No. 6942 was adopted by the Covina City Council at a regular meeting of the City Council held this 8th day of March, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Deputy City Clerk, City of Covina

EXHIBIT G
CITY COUNCIL OF THE CITY OF COVINA

RESOLUTION NO. 11-6943

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF COVINA APPROVING THAT CERTAIN
AFFORDABLE HOUSING AGREEMENT BETWEEN THE
COVINA REDEVELOPMENT AGENCY AND YWCA OF
SAN GABRIEL VALLEY AND MAKING CERTAIN
ASSOCIATED FINDINGS**

WHEREAS, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code § 33000 et seq.) (“CRL”), the City Council (“City Council”) of the City of Covina (“City”) approved and adopted redevelopment plans (“Redevelopment Plans”) for the Covina Revitalization Redevelopment Project Nos. 1 and 2 (“Projects”); and

WHEREAS, the COVINA REDEVELOPMENT AGENCY (“Agency”) is engaged in activities necessary to execute and implement the Redevelopment Plans for the Projects;

WHEREAS, in carrying out the Redevelopment Plans, the Agency assists in the provision of housing in order to improve the supply and availability of lower income housing in the community;

WHEREAS, in order to effectuate the provisions of the Redevelopment Plans, the Agency is required, pursuant to CRL Section 33334.2, to set aside not less than twenty percent (20%) of the tax increment revenue it receives from each Project into a separate fund (“Housing Fund”) for the purposes of increasing, improving, and preserving the City’s supply of low- and moderate-income housing available at affordable housing costs;

WHEREAS, pursuant to CRL Section 33334.2(g), the Agency may only use its moneys from the Housing Fund outside a Project upon a resolution of the Agency and the City Council determining the use will be of benefit to that Project;

WHEREAS, a determination of the Agency, and the City Council pursuant to CRL Section 33334.2(g) shall be final and conclusive as to the issue of benefit to the Projects;

WHEREAS, the YWCA of San Gabriel Valley, a California non-profit corporation (“Owner”) submitted to the Agency a written offer in the form of that certain Funding Agreement (WINGS) (“Agreement”) for the renovation of transitional housing on

property it owns in order to provide additional transitional housing for women with children requiring assistance in exchange for funding of such renovations by Agency funds from its Housing Fund in the amount of Three Hundred Thirty Thousand Dollars (\$330,000.00);

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law;

WHEREAS, Owner possesses the qualifications and financial resources necessary to acquire and operate such housing in the City of Covina;

WHEREAS, the City Council has determined, as provided in this Resolution, that the use of Housing Funds for the purposes proposed in the Agreement will be of benefit to the Projects; and

WHEREAS, in accordance with the California Environmental Quality Act (codified as Public Resources Code Section 21000 et seq.) (“CEQA”) and the State CEQA Guidelines, City staff has determined that the rental subsidy of affordable housing contemplated in the Agreement is exempt from California Environmental Quality Act (“CEQA”) requirements pursuant to State CEQA Guidelines Section 15378(b)(4) because such approval constitutes the creation of a funding mechanism or other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and

WHEREAS, this Agreement is based on the availability of Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Covina as follows:

Section 1. Recitals. The recitals set forth above are true and correct and incorporated herein.

Section 2. CEQA. The City Council determines that approval of the Agreement is exempt from the requirements of CEQA pursuant to State CEQA Guidelines Section 15378(b)(4) and directs City staff to file a Notice of Exemption with the Clerk of the Board of Supervisors of the County of Los Angeles, California within five (5) days of the adoption of this Resolution.

Section 3. 33334.2 Findings. Based upon the staff report accompanying this Resolution, and such other oral and written evidence as presented, the City Council finds and determines that the use of Housing Funds outside the Projects but within the City as set forth in the Agreement will be of benefit to the Projects because such use of said funds will increase, improve and preserve the City’s necessary supply of low- and moderate-income housing available at affordable housing costs, make such affordable, decent, safe and sanitary housing

available to women and children requiring assistance currently living within the Projects and will strengthen the City's land use and social structure.

Section 4. Approval of Housing Fund Use. The City Council hereby approves the use of Housing Funds for the purposes set forth in the Agreement.

Section 5. Funding. Should Agency funds not be available then no other funding can be compelled or required by the Agreement.

Section 6. Effective Date; Certification. The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force.

PASSED, APPROVED AND ADOPTED this 8th day of March, 2011.

Mayor

ATTEST:

City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

I, Catherine M. LaCroix, Deputy City Clerk, City of Covina, do hereby CERTIFY that Resolution No. 6943 was adopted by the Covina City Council at a regular meeting of the City Council held this 8th day of March, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Catherine M. LaCroix
Deputy City Clerk, City of Covina

EXHIBIT "E"
TO
FUNDING AGREEMENT
(WINGS)

Project Budget

[Attached Behind This Page]

EXHIBIT "G"

EXHIBIT "F"
TO
FUNDING AGREEMENT
(WINGS)

Completion Certificate

[Attached Behind This Page]

EXHIBIT "G"

COVINA REDEVELOPMENT AGENCY

COMPLETION CERTIFICATE

**FUNDING AGREEMENT
(WINGS)**

In his or her capacity as Executive Director of the Covina Redevelopment Agency, a public body, corporate and politic ("Agency"), the undersigned certifies that: (1) the Agency and YWCA of San Gabriel Valley, a California corporation ("Operator"), are parties to that certain Funding Agreement (WINGS), dated as of **[TO BE DETERMINED]** ("Agreement"); and (2) the Project described in the Agreement required to be constructed pursuant to the Agreement on that certain real property as set forth in the Agreement is complete in accordance with the provisions of the Agreement.

This Completion Certificate constitutes conclusive evidence that the Operator's obligation under the Agreement to construct Project has been satisfied, including any and all related improvements necessary to support or meet any requirements applicable to the Project and its use and occupancy. Notwithstanding any other provision of this Completion Certificate, the operating, use, maintenance, non-discrimination, non-segregation, construction and other terms, provisions, covenants, conditions, restrictions and agreements set forth in the Agreement, other than those specifically requiring construction of the Project, shall continue in full force and effect and the Agency may enforce any and all such terms, provisions, covenants, conditions, restrictions or agreements in accordance with the Agreement. Nothing contained in this Completion Certificate shall waive or modify any term, provision, covenant, condition, restriction or agreement contained in any other document. The Agreement is an official record of the Agency and a copy of the Agreement may be inspected in the offices of the Agency located at 125 E. College Street, Covina, California 91723, during the regular business hours of the Agency. All terms indicated to be defined terms in this Completion Certificate by initial capitalization, but not defined in this Completion Certificate, shall have the meaning ascribed to the same terms in the Agreement.

1.

ISSUED as of **[TO BE DETERMINED]**.

Executive Director

[SIGNATURE MUST BE NOTARY ACKNOWLEDGED]

SIGNATURE PAGE
TO
FUNDING AGREEMENT
(WINGS)

OPERATOR:

YWCA OF SAN GABRIEL VALLEY, a California
corporation

Dated: _____

By: _____
Lisa Brabo
Executive Director

SIGNATURE PAGE
TO
FUNDING AGREEMENT
(WINGS)

AGENCY:

COVINA REDEVELOPMENT AGENCY, a public
body, corporate and politic

Dated: _____

By: _____
Daryl Parrish
Executive Director

ATTEST:

Agency Secretary

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

Agency Counsel