

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

(APN 303-17-053, Parcel 3)

21st of April This Exclusive Negotiating Rights Agreement (this "Agreement") is entered into as of this 2016 by and between the **City of Santa Clara** Housing Authority (the "City") and **Core Affordable Housing, LLC** (the "Developer") on the basis of the following facts:

RECITALS

A. The City is the owner of a six (6) acre parcel of real property in the City of Santa Clara located at 90 North Winchester Boulevard (APN 303-17-053, Parcel 3), as shown on the map attached to this Agreement as Exhibit A and incorporated herein by this reference (the "Property"). The Property was a portion of the 17-acre Bay Area Research and Extension Center ("BAREC Property") owned by the State of California ("State"). The site was transferred by Grant Deed to the Housing Authority of the City of Santa Clara ("Housing Authority").

B. The Developer has proposed to develop the Property into four components: (1) the Affordable Senior Component, which includes affordable senior and affordable senior veteran rentals; (2) the Mixed Income Component, which includes market rate and moderate income multi-family housing, (3) the Townhouse Component, which consists of market rate for-sale townhouses; (4) and the Urban Agricultural Open Space ("Agricultural Component"), which will be comprised of a plaza, community building, gardens, and educational and recreational programming. The four components together comprise the Developer's six (6) acre project ("the Project").

C. The Affordable Senior Component of the Project will comply with the Seniors' Project, as contemplated in the Purchase Agreement. The Grant Deed specifies that the Property shall be developed for the purpose of providing low- or moderate-income housing for not less than forty (40) nor more than fifty five (55) years. The Grant Deed requires, as contemplated in the Purchase Agreement, the development of approximately one hundred and sixty five (165) affordable senior housing units, and that the Housing Authority commence development of the Seniors' Project within twenty four (24) months of the original transfer of the Property from the State to the Housing Authority. The terms of the Grant Deed required the Housing Authority to commence development of the Seniors' Project by January 5, 2014. However, the State may, for justifiable cause, extend the time for commencement of development. The Department of General Services extended the deadline to January 5, 2017 ("Extended Commencement Date") after making a finding that justifiable cause existed. The letter from the Department of General Services granting this Extended Commencement Date is attached to this Agreement as Exhibit C and incorporated herein as the "Department of General Services Letter."

D. The City is interested in exploring the feasibility of the Project and has selected the Developer as a potential developer of the Project, subject to the State of California's confirmation that the Project, or an amended version of the Project, conforms with the Grant Deed and Purchase Agreement.

E. The development of the Affordable Senior Component will allow the City to comply with the requirements of the Grant Deed to provide low- or moderate-income housing on

the Property. The Affordable Senior Component will also provide a broad range of affordability for low-income seniors, including veterans. Furthermore, the development of the Project will allow for the City to meet the deadline required by the Grant Deed and commence development on January 17, 2017. The Project will include garage and surface parking spaces.

F. The purpose of this Agreement is to establish procedures and standards for the negotiation by the City and the Developer of: a disposition and development agreement (the “DDA”) pursuant to which the Developer will conduct specified development activities related to the Property; a Development Agreement (“DA”); and the form of property conveyance documents. As more fully set forth in Section 21, the Developer acknowledges and agrees that this Agreement in itself does not grant the Developer the right to develop the Project, nor does it obligate the Developer to any activities or costs to develop the Project, except for the preliminary analysis and negotiations contemplated by this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree as follows:

EXCLUSIVE NEGOTIATIONS RIGHT

1. Good Faith Negotiations. The City and the Developer shall negotiate diligently and in good faith, during the Negotiating Period described in Section 2, the terms of a DDA for the development of the Project on the Property. During the Negotiating Period, the parties shall use good faith efforts to accomplish the respective tasks outlined herein in Exhibit B to facilitate the negotiation of a mutually satisfactory DDA.

Among the issues to be addressed in the negotiations are the physical and land title conditions of the Property and remediation of any adverse conditions, the development schedule for the Project, and financing of the Project and its four components.

2. Negotiating Period. The negotiating period (the “Negotiating Period”) under this Agreement shall be twelve (12) months, commencing on the date of this Agreement. The Negotiating Period may be extended for a period of an additional two periods of six (6) months each upon presentation of a written request from the Developer together with a schedule of tasks to be accomplished during the additional period.

If a DDA has not been executed by the City and the Developer by the expiration of the Negotiating Period, then this Agreement shall terminate and neither party shall have any further rights or obligations under this Agreement, except as set forth in Section 4 and Section 23. If a DDA is executed by the City and the Developer then, upon such execution, this Agreement shall terminate, and all rights and obligations of the parties shall be as set forth in the executed DDA.

3. Exclusive Negotiations. During the Negotiating Period, the City shall not negotiate with any entity, other than the Developer, regarding development of the Property, or solicit or entertain bids or proposals to do so.

4. City Consultant Costs Deposit. The Developer acknowledges that the City shall expend substantial resources in the negotiation of the DDA and performance of the tasks provided in Exhibit B. In order for this Agreement to remain in effect, the Developer and the City shall discuss and agree on an amount that the Developer shall submit to the City as a good faith and initial consultant costs deposit, the sum of ONE HUNDRED AND FIFTY FIVE THOUSAND Dollars (\$155,000) (the "Deposit") to be paid in the following order: (i) \$75,000 within thirty (30) days following full execution of this Agreement by the City and the Developer; and (ii) \$80,000 within ninety (90) days following full execution of this Agreement by the City and the Developer and the City providing an estimate of all applicable fees, as outlined in Exhibit B. The Deposit shall be provided in the form of a cashier's check made to the order of the City and be placed in a separate City deposit account. Any interest earned on the Deposit and any subsequent deposits shall be added to the total Deposit amount and may be used in accordance with this Agreement.

The City shall have no obligation to begin the negotiation of the DDA or to retain consultants until the Developer delivers the Deposit to the City. For the period of six (6) months following the date of the Agreement ("Due Diligence Period"), the Deposit shall be fully refundable, except for any costs incurred by the City as described below.

The Deposit may be used by the City to pay for the City's reasonable costs and expenses in negotiating and preparing the DDA, the DA and ancillary documents and planning and environmental review (collectively, the "Transaction Documents"). Such costs may include, but are not limited to reasonable fees and services of third party traffic and economic consultants and attorneys, selected by the City, relating to the Project and the preparation of the Transaction Documents ("Consultant Costs"). Prior to incurring any Consultant Costs, the City shall submit an outline budget for use of the Deposit describing the general scope of work, cost and timing of expenditure. During the Due Diligence Period, the Developer and City will discuss and negotiate any subsequent deposits necessary, as well as the timing of subsequent deposits, to offset the costs for retention of further consultants through conclusion of the DDA.

Following the Due Diligence Period, the Developer shall be responsible for all of the City's Consultant Costs subject to the restrictions contained in this Section 4. Prior to the City incurring Consultant Costs in excess of the Deposit, the City shall provide the Developer with a schedule of the Consultant Costs incurred to date and an estimate of the additional Consultant Costs anticipated to be incurred. The Developer shall reasonably approve or disapprove the additional Consultant Costs within seven (7) days following the City's submittal of the anticipated additional Consultant Costs. If Developer disapproves the City's additional Consultant Costs, the City and Developer will meet and in good faith evaluate the estimate and attempt to reach a compromise budget acceptable to both parties. If no compromise budget can be reached within a reasonable time frame, the City may at that time put Developer on notice that such failure to approve the estimate of anticipated additional costs, may be deemed an event of default under the terms of this Agreement. The Developer shall deposit with the City the amount of the additional Consultant Costs as approved by the Developer within fourteen (14) days of such approval. The additional amount shall be added to the Deposit. The City shall be reimbursed for all additional Consultant Costs approved by the Developer and incurred by the City prior to the date of the termination of this Agreement. To the extent this Agreement is terminated prior to or as of the end of the Negotiating Period and the City has incurred Consultant Costs that are less than the Deposit, and

Developer has negotiated in good faith and is not in breach of this Agreement, the City shall return the unexpended balance of the Deposit to the Developer along with an accounting of the Consultant Costs incurred by the City.

If this Agreement is terminated by the City due to a failure by the Developer to negotiate in good faith under this Agreement the Deposit and any interest earned thereon shall be retained by the City, as more fully provided in Section 25.

5. Identification of Developer Representative. The Developer's representatives to negotiate the DDA with the City are: Chris Neale, Paul Ring, Ash Pirayou, and Bill Ihrke.

NEGOTIATION TASKS

6. Overview. To facilitate negotiation of the DDA, the parties shall use reasonable good faith efforts to accomplish the tasks set forth in this Exhibit B in a timeframe that will support negotiation and execution of a mutually acceptable DDA prior to the expiration of the Negotiating Period. Within the first thirty (30) days of this Agreement, the Parties will agree upon a work plan for tasks to be accomplished.

7. Preliminary Scope of Project. Within one hundred eighty (180) days following the date of this Agreement, the Developer shall prepare and submit to the City a scope of development describing location and land uses of the proposed Project.

8. Site Plan. The Project as proposed may require that the Property be subdivided into additional parcels in order to facilitate the respective project components. The Developer shall prepare and submit to the City a proposed site plan identifying the size and shape of the parcels which comprise the Property (the "Development Parcels") and the location of the Project improvements to be constructed on each of the Development Parcels.

9. Developer Cooperation and Coordination with Adjacent Parcels. Developer acknowledges the adjacent parcels and planned the site to be sensitive to these neighborhoods. The Developer plans to place the tallest, densest portions of the development along Winchester Boulevard, and reduce both the density and height of the buildings as they move towards the existing residential streets. The for-sale townhouses are designed to create a transition between the single family and the higher-density taller buildings against Winchester Boulevard. The multi-family buildings are designed to have large courtyards that serve as extensions of the Agricultural Component, maximizing the gross area of outdoor space and promoting strong, open connections between each area.

10. Financial Payments for the Property. The City and the Developer shall meet to determine the financial payments to be paid for the Property, as it relates to certain Project components, based on the highest and best use of the Property. The form of payments (i.e. cash or note), timing, and financial amounts will be determined as part of the Due Diligence Period. The Project has proposed to provide the City with financial benefits including, but not limited to, a \$15,500,000 land purchase payment to the City, which will be available to lend to the proposed Affordable Senior Component, resulting in \$20 million in subordinate debt payable to the City at loan maturity.

11. Financing and Costs of Development. The Developer shall provide the City with a detailed financial pro forma for the Project containing, among other matters, a detailed development budget setting forth the costs of the tasks to be undertaken by the Developer. The financial pro forma will be used to evidence the financial feasibility of the Project and to assist in the negotiation of terms regarding payment of costs of land and development. Prior to executing the DDA, the Developer shall provide, to the City, evidence of funding availability to pay the Developer's projected costs.

12. Relocation of Existing Uses/Tenants. During the initial five (5) months following the date of this Agreement, the City will study and determine the feasibility of relocating public use facilities and existing tenants, if any, currently within the property boundaries. Responsibility for any potential acquisition/relocation costs will be mutually determined by the City and Developer.

13. Schedule of Performance. During the Due Diligence Period, the Developer and City will complete initial work and studies as described in Exhibit B. Following the Due Diligence Period, the Developer shall provide the City with a detailed schedule of performance for the Project which shall include, but not be limited to: a due diligence period, a plan setting forth the proposed timeline for the preparation of development concepts, community outreach and planning and environmental review/approval. Developer shall provide the City with a detailed schedule of performance to incorporate into the DDA which shall include milestones for: development of the Project, specifically addressing the mix of development uses, phases of development, the required land use approvals, the date for the submittal of construction plans to the City, and the dates for the commencement and completion of construction of the Project components .

14. Documents. The Developer shall provide the City with its organizational documents as well as organization chart outlining key personnel's roles and responsibilities. Developer shall also submit to the City for its approval, copies of all operating agreements, joint venture agreements or other agreements between the members of the development entity, and such financial statements or tax returns reasonably required by the City to determine the Developer financial capability.

15. Environmental Review. The City shall prepare or cause to be prepared any environmental documentation required by the California Environmental Quality Act ("CEQA") for consideration of approval of the DDA; if any, provided, that nothing in this ENA Agreement shall be construed to compel the City to approve or make any particular findings with respect to such environmental documentation. The Developer shall provide such information as may be required to enable the City to prepare or cause preparation and consideration of any CEQA-required document, and shall otherwise generally cooperate with the City to complete this task. The Developer shall be responsible for all costs associated with the preparation of the required CEQA documentation.

16. Due Diligence. During the Negotiating Period, the Developer shall conduct the following due diligence activities:

(a) Property Adequacy Determination. The Developer shall determine whether the Property is suitable for development of the Project, taking into account the geotechnical and

soils conditions, the presence or absence of toxic or other hazardous materials, the zoning of the Property, the massing of the proposed Project improvements and the parking requirements imposed on projects of this type and the other environmental and regulatory factors that the Developer deems relevant. If, in the Developer's judgment based on such investigations and analyses, the Property is not suitable for development, the Developer may notify the City in writing prior to the expiration of the Negotiating Period of its determination. Upon such timely notification by the Developer, the remaining balance of the Deposit shall be immediately refunded to the Developer and this Agreement shall be terminated without further action of either party, and thereafter neither party shall have any further duties, obligations, rights, or liabilities under this Agreement; except as set forth in Section 24 and Section 25.

(b) Objections to Title. Promptly following the execution of this Agreement, the Developer shall cause a Chicago Title Company at 675 N. 1st St., #900, San Jose, California, to issue a Preliminary Title Report (the "Report") on the Property to the Developer and the City. If the Developer objects to any exception appearing on the Report or should any title exception arise after the date of the Report, the Developer may object to such exception, provided such objection is made to the City in writing on or before 5 o'clock P.M. on the thirtieth (30th) day following the date of the Developer receives the Report. If the Developer objects to any exception to title, the City, within fifteen (15) days of receipt of Developer's objection shall notify Developer in writing whether City elects to (i) cause the exception to be removed of record, (ii) obtain a commitment from Title Company for an appropriate endorsement to the policy of title insurance to be issued to the Developer, insuring against the objectionable exception, or (iii) terminate this Agreement unless the Developer elects to take title subject to such exception. If either party elects to terminate this Agreement pursuant to this subsection, the remaining balance or the Deposit shall be immediately refunded to the Developer and neither party shall thereafter have any obligations to or rights against the other hereunder, except as set forth in Section 24 and Section 25. If the Developer fails to provide any notification to the City regarding this matter prior to expiration of the time period set forth herein, the condition set forth in this subsection shall be deemed satisfied and this Agreement shall continue in effect.

17. Site Access. No later than ten (10) days following approval of this Agreement, Developer and the City will enter into a separate agreement to provide Developer and its consultants with rights to enter, examine and conduct tests on the Property.

18. Reports. The Developer shall provide the City with copies of all reports, studies, analyses, correspondence and similar documents, but excluding confidential or proprietary information, prepared or commissioned by the Developer with respect to this Agreement and the Project, promptly upon their completion. The City shall provide the Developer with copies of all reports, studies, analyses, correspondence and similar documents (collectively, "documents") prepared or commissioned by the City with respect to this Agreement and the Project, promptly following execution of this Agreement with respect to documents then in its possession or under its reasonable control, and promptly upon their completion with respect to any subsequently prepared documents.

While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, the Developer acknowledges that the City will need sufficient, detailed information about the proposed Project (including, without limitation, the financial

information described in Section 10) to make informed decisions about the content and approval of the DDA. The City will work with the Developer to maintain the confidentiality of proprietary information subject to the requirements imposed on the City by the Public Records Act (Government Code Sections 6253, et seq.). The Developer acknowledges that the City may share information provided by the Developer of a financial and potential proprietary nature with third party consultants and City Council members as part of the negotiation and decision making process. If this Agreement is terminated without the execution of a DDA, the City shall return to the Developer any information submitted by the Developer under this Agreement.

19. Progress Reports. Monthly each party shall make oral or written progress reports advising the other party on studies being made and matters being evaluated by the reporting party with respect to this Agreement and the Project. These meetings will ensure that the City has all the available information to determine whether the City will meet the January 5, 2017 deadline, or whether the City and Developer must request that the State extend the time for commencement of development further beyond the current Extended Commencement Date (“Additional Extended Commencement Date.”)

GENERAL PROVISIONS

20. Limitation on Effect of Agreement. This Agreement shall not obligate either the City or the Developer to enter into a DDA or to enter into any particular DDA. By execution of this Agreement, the City is not committing itself to or agreeing to undertake acquisition, disposition, or exercise of control over any property. Execution of this Agreement by the City is merely an agreement to conduct a period of exclusive negotiations in accordance with the terms hereof, reserving for subsequent City and City Council action the final discretion and approval regarding the execution of a DDA and all proceedings and decisions in connection therewith. Any DDA resulting from negotiations pursuant to this Agreement shall become effective only if and after such DDA has been considered and approved by the City.

21. Notices. Formal notices, demands and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested, or sent by express delivery or overnight courier service, to the office of the parties shown as follows, or such other address as the parties may designate in writing from time to time:

City:	City of Santa Clara 1500 Warburton Avenue Santa Clara, CA 95050 Attention: City Manager
Developer:	Core Affordable Housing, LLC 470 South Market Street San Jose, CA 95113 Attention: Chris Neale

Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered or the date on which delivery was refused.

22. Costs and Expenses. Except for the Developer's obligation to fund certain City consultant costs under Section 4, above, each party shall be responsible for its own costs and expenses in connection with any activities and negotiations undertaken in connection with this Agreement, and the performance of each party's obligations under this Agreement.

23. No Commissions. The City shall not be liable for any real estate commissions or brokerage fees that may arise from this Agreement or any DDA that may result from this Agreement. The City represents that it has engaged no broker, agent or finder in connection with this transaction, and the Developer shall defend and hold the City harmless from any claims by any broker, agent or finder retained by the Developer.

24. Defaults and Remedies.

(a) Default. Failure by either party to negotiate in good faith as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting party shall give written notice of a default to the defaulting party, specifying the nature of the default and the required action to cure the default. If a default remains uncured thirty (30) days after receipt by the defaulting party of such notice, the non-defaulting party may exercise the remedies set forth in subsection (b).

(b) Remedies. In the event of an uncured default by the City, the Developer's sole remedy shall be to terminate this Agreement, upon which termination the Developer shall be entitled to the return of the uncommitted portion of the Good Faith Deposit and any interest earned thereon. Following such termination and the return of the appropriate amount of the Good Faith Deposit and any interest earned thereon, neither party shall have any further right, remedy or obligation under this Agreement; provided, however, that the Developer's indemnification obligation pursuant to Section 25 shall survive such termination.

In the event of an uncured default by the Developer, the City's sole remedy shall be to terminate this Agreement and to retain any unexpended funds remaining in the Good Faith Deposit and any interest earned thereon. Following such termination, neither party shall have any right, remedy or obligation under this Agreement; provided; however, that the Developer's indemnification obligation pursuant to Section 24 shall survive such termination.

Except as expressly provided above, neither party shall have any liability to the other for damages or otherwise for any default, nor shall either party have any other claims with respect to performance under this Agreement. Each party specifically waives and releases any such rights or claims they may otherwise have at law or in equity.

25. Developer's Obligation to Indemnify City. Developer shall defend, indemnify, and hold harmless the City from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, reasonable attorneys' fees and costs of litigation, damage or liability of any nature whatsoever, arising directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with performance of this Agreement on the part of the Developer or any contractor or subcontractor of the Developer. The Developer shall pay immediately upon the City's demand any amounts owing under this indemnity. The duty of the Developer to indemnify includes the

duty to defend the City, at the City's choosing, to pay the City's costs of its defense in any court action, administrative action, or other proceeding brought by any third Party arising in any manner by reason of or incident to the performance of this Agreement on the part of the Developer or any contractor or subcontractor of the Developer. The City shall have the right to reasonably approve any attorneys retained by the Developer to defend the City pursuant to this Section 25 and shall have the right to reasonably approve any settlement or compromise. The Developer's duty to indemnify the City shall survive the termination of this Agreement.

26. Insurance Requirements. As a requirement of the DDA, the Developer shall maintain in full force and effect, at no cost to the City, insurance policies with standard City required coverages with respect to principals, employees and vehicles employed in the performance of the DDA with required endorsements.

27. Compliance with Ethical Standards. As a requirement of the DDA, the Developer shall read the standard City exhibit, entitled "ETHICAL STANDARDS FOR DEVELOPERS SEEKING TO ENTER INTO AN AGREEMENT WITH THE CITY OF SANTA CLARA, CALIFORNIA"; and shall execute the standard City exhibit, entitled "AFFIDAVIT OF COMPLIANCE WITH ETHICAL STANDARDS".

28. Nonliability of Officials, Officers, Members, and Employees. No member, official, officer, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

29. Assignment. The Developer shall not assign its rights or responsibilities under this Agreement, in whole or in part, except with the written consent of the City. Any attempted assignment without such prior written consent shall be invalid and void.

30. No Attorney's Fees. The prevailing Party in any action to enforce this Agreement shall not be entitled to recover reasonable attorneys' fees and costs from the other Party (including fees and costs in any subsequent action or proceeding to enforce or interpret any judgment entered pursuant to an action on this Agreement). Each Party shall bear its own costs and fees.

31. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

32. Entire Agreement. This Agreement constitutes the entire agreement of the parties regarding the subject matters of this Agreement.

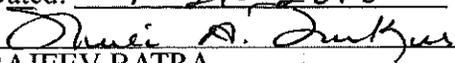
33. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the date first above written.

APPROVED AS TO FORM:



RICHARD E. NOSKY, JR.
City Attorney

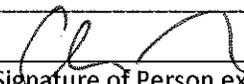
Dated: 4-21-2016

b^o RAJEEV BATRA
Acting City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

ATTEST: 

ROD DIRIDON, JR.
City Clerk

“CITY”

CORE AFFORDABLE HOUSING, LLC
Developer

Dated: _____
By: 

(Signature of Person executing the Agreement on behalf of Contractor)

Name: Chris Meale
Title: Executive Vice President
Local Address: 470 South Market Street
San Jose, CA 95113
Email Address: cmeale@thecorecompanies.com
Telephone: (408) 292-7841
Fax: (408) 292-0339

“CONTRACTOR”

PROPERTY MAP

(APN:303-17-053)

Prepared by City of Santa Clara 4/2013

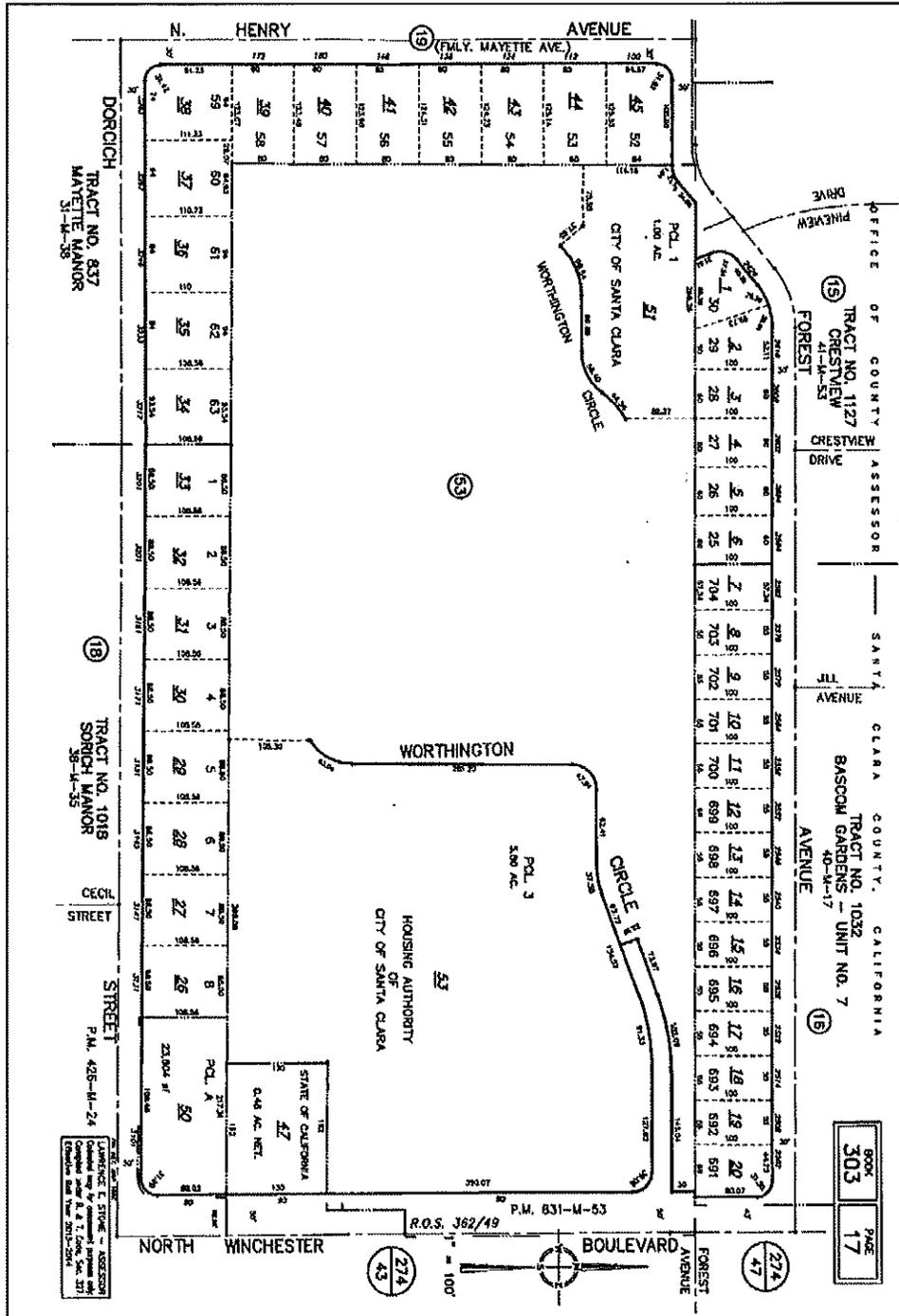


Exhibit A

EXHIBIT B

SCOPE OF WORK - DUE DILIGENCE & NEGOTIATING PERIODS

(Tasks may be modified in consultation with the City).

I. DUE DILIGENCE PERIOD - 6 MONTH PERIOD

CITY

- Schedule regular meetings with Development staff of City Manager's Office;
- Begin environmental documentation required by the California Environmental Quality Act ("CEQA");
- Initiate and facilitate meeting with the State and the Developer to review necessary amendments to the Purchase Agreement and the January 5, 2017 Extended Commencement Date; determine whether an Additional Extended Commencement Date will be necessary; and whether additional payments to the State will be required;
- Facilitate meeting to review submittal for Planned Development Zoning, Planning and Development Permits and Tentative Map Application and circulation of Draft CEQA Analysis;
- Provide confirmation of all applicable City fees and waivers, including parks fees;
- Arrange meetings for the negotiation of the DDA; and
- Other tasks as appropriate to meet project goals.

DEVELOPER

- Discuss with the City the phasing of the Project and City consultant cost deposit;
- Prepare detailed schedule of performance for the Project and key partners;
- Begin negotiating a Term Sheet to discuss and evaluate the four Project components as well as the financial and operational aspects of each, including any requirements pertaining to the applicability of any prevailing wage requirements;
- Provide the City with organizational documents as well as an organization chart outlining key personnel's roles and responsibilities;
- Determine form of payments for the City's financial benefits from the Project;
- Discuss with the City any subsequent deposits necessary, to offset the costs for retention of further consultants;
- Identify key stakeholders;
- Prepare a Scope of Development describing location and land uses of the proposed Project;
- Begin City preliminary review application;
- Conduct and document Project Community Meetings for public input on site design and operations;
- Preliminary Analysis of toxic and hazardous waste conditions throughout the Property;
- Review of site historical soils and subsurface data and information;
- Preliminary Analysis of geotechnical conditions of site surface and subsurface;

- Preliminary Analysis of site issues relative to endangered species and sensitive habitat;
- Preliminary Assessment of traffic and parking issues/constraints that may affect site development;
- Assessment of major public and private utility capacities and connections for providing service to the Project;
- Assessment of site drainage and waterway issues that may affect site development;
- Review of any site easements or other use restrictions that may affect site development;
- Review of Title as it may affect site development and financing of development and,
- Other tasks as appropriate to meet project goals.

II. NEGOTIATING PERIOD (PORTION AFTER DUE DILIGENCE PERIOD ENDS)-12 MONTHS WITH TWO 6 MONTHS EXTENSIONS

CITY

- Continue arranging necessary meetings to negotiate DDA;
- Schedule Planning Commission Hearing;
- Schedule City Council Hearing;
- Provide necessary City financing documentation for public finance applications; and
- Other tasks as appropriate to meet project goals.

DEVELOPER

- Process planning applications and obtain Planning and Development permits and tentative map;
- Create Design development drawings;
- Pursue necessary financing commitments; and
- Other tasks as appropriate to meet project goals.

III. TASKS TO BE COMPLETED POST DDA-EXECUTION

CITY

- Provide required support documentation for public financing applications (i.e., Tax Credit Allocation Committee); and
- Other tasks as appropriate to meet project goals.

DEVELOPER

- To prepare documents for the tax allocation application and provide for City review; Begin preparation of construction drawings and obtain building permit; and
- Other tasks as appropriate to meet project goals.

EXHIBIT C

LETTER FROM THE DEPARTMENT OF GENERAL SERVICES



Governor Edmund G. Brown Jr.

November 5, 2013

Mr. Julio J. Fuentes
Executive Director
Housing Authority of the City of Santa Clara
1600 Civic Center Drive
Santa Clara, CA 95060

Re: Request for Time Extension to Commence Development of the Seniors' Project pursuant to Section 3 of the Grant Deed recorded January 5, 2012, Document #: 21485774, APN: 303-17-063, located at 90 West Winchester Boulevard, City of Santa Clara, County of Santa Clara, California (the "Property")

Dear Mr. Fuentes:

The Department of General Services ("DGS") is in receipt of your letter dated October 11, 2013, wherein the Housing Authority of the City of Santa Clara ("Housing Authority") has requested an extension of time to commence development of the proposed senior housing project to be located on the Property ("Seniors' Project").

On January 5, 2012, the State of California, acting by and through the Director of the Department of General Services ("State"), transferred the Property by Grant Deed to the Housing Authority. The terms of the Grant Deed require the Housing Authority to commence development of the Seniors' Project within 24-months of the original transfer date of the Property from the State to the Housing Authority. Specifically, the Housing Authority was required to commence development of the Seniors' Project by no later than January 5, 2014 ("Commencement Date"). Notwithstanding, the terms of the Grant Deed authorize the State, in consultation with the department of Housing and Community Development ("HCD"), to extend the Commencement Date for an additional 36-months upon a showing of justifiable cause.

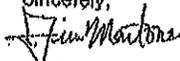
After reviewing your letter of October 11, 2013, and consulting with HCD, DGS has determined that justifiable cause exists to grant the Housing Authority's request for a 36-month time extension to the Commencement Date. Accordingly, the Housing Authority shall commence development of the Seniors' Project by no later than January 5, 2017 ("Extended Commencement Date").

Please be advised, pursuant to the terms of the Grant Deed the aggregate time for commencing development of the Seniors' Project shall not exceed 60-months. Accordingly, the Property shall revert to the State for disposal in accordance with the terms of the Grant Deed if the development of the Seniors' Project has not commenced on or before the Extended Commencement Date.

Real Estate Services Division/Asset Management Branch | State of California | Government Operations Agency
707 3rd Street, 6th Floor | West Sacramento, CA 95695 | t 916.376.1800 f 916.376.1833

Should you have any questions please contact Gerald McLaughlin, Senior Real Estate Officer, at (916) 376-4009.

Sincerely,



Jim Martone
Branch Chief
Asset Management Branch

cc: Robert McKinnon, Assistant Branch Chief, Asset Management Branch
Alex Holtz, Office of Legal Services

Excellence in the Business of Government

S
A
N
T
A

C
L
A
R
A

A
R
R
O
W
F
I
L
E



Housing & Community
Services Division

October 11, 2013

Robert McKinnon, Assistant Branch Chief
Asset Management Branch
Real Estate Services Division
Department of General Services
707 Third Street, 4th Floor
West Sacramento, CA 95605

Subject: Request for Time Extension to Commence Development of the Seniors' Project, 90 West Winchester Boulevard, Santa Clara, CA, APN: 303-17-053

Reference: State of California Grant Deed (Senior Housing Site), Document Recording No.: 21485774, Santa Clara County Recorder

Dear Mr. McKinnon:

The Housing Authority of the City of Santa Clara hereby requests a time extension to commence development of the proposed senior housing project to be located at 90 Winchester Boulevard in Santa Clara.

On December 21, 2011, the State of California transferred the property in the referenced Grant Deed to the Housing Authority. Paragraph #3 of the Grant Deed indicates that the Housing Authority must commence development of the Seniors' Project within 24-months of the original Property transfer, although the commencement of development may be extended by an additional 36-months due to justifiable cause. A copy of the recorded Grant Deed is included with this letter for your reference.

The Housing Authority of the City of Santa Clara hereby requests that the State provide written consent to a 36-month time extension to commence development of the Seniors' Project. The dissolution process of the City's Redevelopment Agency provides ample "justifiable cause" for the time extension, as it affected the transfer of housing assets to the Successor Housing Agency. The Housing Authority was precluded from commencing development of the Seniors' Project until transfer of housing assets was completed. The transfer of housing assets to the Successor Housing Agency was completed only recently, on September 23, 2013.

1500 Civic Center Drive
Santa Clara, CA 95050
(408) 615-2480
FAX (408) 249-3381
www.ci.santa-clara.ca.us

Robert McKinnon, Assistant Branch Chief
October 11, 2013
Page 2

As the original authorization expires on December 21, 2013, we would appreciate your prompt response to this request. Please direct any question you may have concerning this request to Jeffrey B. Pedersen, Housing and Community Services Manager at 408-615-2490.

Sincerely,



Julio J. Fuentes, Executive Director
Housing Authority of the City of Santa Clara

cc: Alex Holtz,
Office of Legal Services
Department of General Services
707 Third Street, 7th Floor
West Sacramento, CA 95605